# Health

# Annual Report
2012/2013

Government

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# Health

## Annual Report
2012/2013

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# Preface

## Public Accounts 2012/2013

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On May 8, 2012 the government announced new ministry structures. As a result, the Ministry of Seniors was disestablished and certain programs and services as prescribed by Order in Council 155/2012 were transferred to the Ministry of Health. The Ministry was renamed as "Ministry of Health". The 2012/2013 ministry annual reports and financial statements have been prepared based on the new ministry structure.

**This annual report of the Ministry of Health contains the minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:**

- **the financial statements of entities making up the ministry including the Department of Health, and provincial agencies for which the Minister is responsible,**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information relating to trust funds.**

For financial information relating to Alberta Health Services, which is accountable to the Minister of Health, please visit the Alberta Health Services website at www.albertahealthservices.ca

# Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2013, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 19, 2013 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[original signed by]

*Fred Horne*
*Minister of Health*

# Message from the Minister

This past year signalled a shift in government as we welcomed a new Premier and a new direction for the province. I was honoured to be reappointed as the Minister of Health, and have the opportunity to work on the health priorities that matter to Albertans.

Alberta Health is putting the Building Alberta Plan into action by continuing to improve access to services, placing a stronger focus on primary health care, finding new efficiencies, promoting better health, providing necessary supports and care for seniors and funding new and improved health facilities.

Working with Alberta Health Services, we made significant progress towards achieving these goals.

### Primary Health Care

Primary health care is about improving access to appropriate community-based health care services for Albertans.

Several important initiatives were undertaken this year to improve Albertans' access to primary health care services. In April 2012, three pilot Family Care Clinics were opened in Edmonton, Calgary, and Slave Lake. These clinics have shown promising results in their first year of operation, including seeing thousands of new patients and decreasing non-urgent visits to hospital emergency departments. More Family Care Clinics will open in the coming year.

In January 2013, work began on further evolving the highly successful Primary Care Network model. Alberta Health began work with the Primary Care Alliance and Alberta Health Services to develop a plan for the future evolution of Primary Care Networks, to provide individuals with a more standard and broader range of services from Primary Care Networks.

Family Care Clinics and Primary Care Networks are part of broader work to transform Alberta's primary health care system, which will be guided by a Primary Health Care Strategy. Over the past year, stakeholders have been significantly involved in this work. The Minister's Advisory Committee on Primary Health Care and the Primary Health Care Strategy Working Group have been very active; these groups include stakeholders and experts from within primary health care who provide advice on the major initiatives.

### Health promotion and disease prevention

Several initiatives to prevent disease and keep Albertans healthy were undertaken over the past year.

In July, the province launched the Healthy U Junior Chef app, the first ever Government of Alberta mobile application. The app makes it easier for families to get advice on healthy meals and snacks that they can make together.

In November, the province announced a new Tobacco Reduction Strategy to further protect young Albertans from tobacco, take action to prevent tobacco use and provide more support to help Albertans quit using tobacco products.

In 15 cancer facilities outside of Edmonton and Calgary, specially trained nurses are serving as cancer patient navigators, guiding patients through care.

The province expanded student mental health services for post-secondary students at the University of Alberta, University of Calgary and University of Lethbridge. Funding was announced to support post-secondary institutions to expand campus addiction and mental health services and develop models of care that can be used on campuses across Alberta.

In July, the immunization program was expanded to include a second dose of the chickenpox vaccine for children between the ages of four and six.

In December, Alberta Health contributed $5 million to enhance existing addiction and mental health services for homeless Albertans in Edmonton, Calgary and Lethbridge as part of the addiction and mental health strategy.

### Supports and care for seniors

Alberta seniors benefited from more services and supports, greater coverage and care options in 2012/2013.

Chiropractic services were added to Alberta Seniors' health benefit coverage. Those enrolled in the Coverage for Seniors health benefit plan receive $25 per visit towards chiropractic services, to a maximum of $200 per annual benefit period.

Income exemption and thresholds were adjusted in June 2012 for the Alberta Seniors Benefit program. As a result, qualifying income thresholds were raised to ensure seniors' benefits are not negatively affected by increases to federal seniors' benefits.

Passed by the Alberta Legislature in March 2012, the Seniors Property Tax Deferral Program allows senior homeowners to apply for a low-interest loan through the Alberta government to defer all or part of their property taxes. The program will begin in May 2013.

In March, the province improved bathing standards for continuing care residents, making two baths a week the minimum. Those living in long-term care facilities operated by Alberta Health Services now enjoy locally prepared meals that meet their dietary needs and preferences. This new policy has been adopted by 73 long-term care facilities operated by Alberta Health Services across the province.

Government maintained its commitment to expand continuing care spaces, with 1,300 opening in the past 18 months.

### Investing in health infrastructure

We continued to invest in health infrastructure, with improvements to regional hospitals and new facilities offering specialized services in Edmonton and Calgary.

The South Health Campus, the largest hospital in Alberta's history, has been opening in phases since mid 2012. The South Health Campus will include a broad range of inpatient and outpatient services, with a focus on wellness services and facilities. These wellness services will make illness prevention, management and community health education an important focus of the campus. This $1.2 billion facility represents the future of health care in this province.

A new cancer care centre, to be located on the Foothills Medical Centre grounds, was announced in March. Targeted to begin construction in 2015-2016, the new centre will include inpatient beds, the latest advanced cancer diagnostic and treatment technologies, an outpatient facility, and dedicated research space to provide more opportunities for cancer innovation.

The province approved plans for redevelopment projects at the Medicine Hat and Chinook regional hospitals, which will improve access to health care services for area residents. Construction plans for a new Grande Prairie Regional Hospital, High Prairie Health Complex and Edson Healthcare Centre, were also announced.

The world-class Kaye Edmonton Clinic opened in December, giving people living in northern Alberta improved patient care, and access to specialized services and technologies.

### Quality assurance in health

As Minister of Health, I ordered reviews into the licensing of radiologists and pathologists by the College of Physicians & Surgeons of Alberta and into credentialing and privileging within Alberta Health Services and its contracted providers. As a result, steps are being taken to standardize processes and practices in granting privileges across the province, better align decisions on privileges with approvals granted by the College of Physicians & Surgeons, and ensure decisions are supported by thorough, appropriate and up-to-date information.

### Finding new efficiencies and cost savings

Spending smarter and finding better ways to deliver health services were an important focus this past year.

In March, a new air ambulance base and care facility for medevac patients opened at the Edmonton International Airport, improving access to important health services for northern patients. The 3,600 square-metre facility includes a six-patient care area, dedicated ground ambulance to transport patients to hospitals and space within the hanger to enable the transfer of patients inside, away from bad weather.

In southern Alberta, four specially-equipped non-ambulance transfer minivans are now being used to transfer medically stable patients between health facilities, freeing ground ambulance calls.

### Moving forward

These are just a few highlights of the many activities and tremendous work that was undertaken this year.

I look forward to what the year ahead will bring for all of us as we continue our work on delivering better care, better outcomes, and providing the best health care system possible for Albertans.

[original signed by]

*Honourable Fred Horne*
*Minister of Health*

# Management's Responsibility for Reporting

The Ministry of Health includes:

- The Department of Health
- Alberta Health Services
- Health Quality Council of Alberta

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Health. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – Information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – The performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – goals, performance measures and related targets match those included in the Ministry's Budget 2012.

As Deputy Minister, in addition to program responsibilities, I am responsible for the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, the President of Treasury Board and the Minister of Finance, and the Minister of Health information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act.*

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

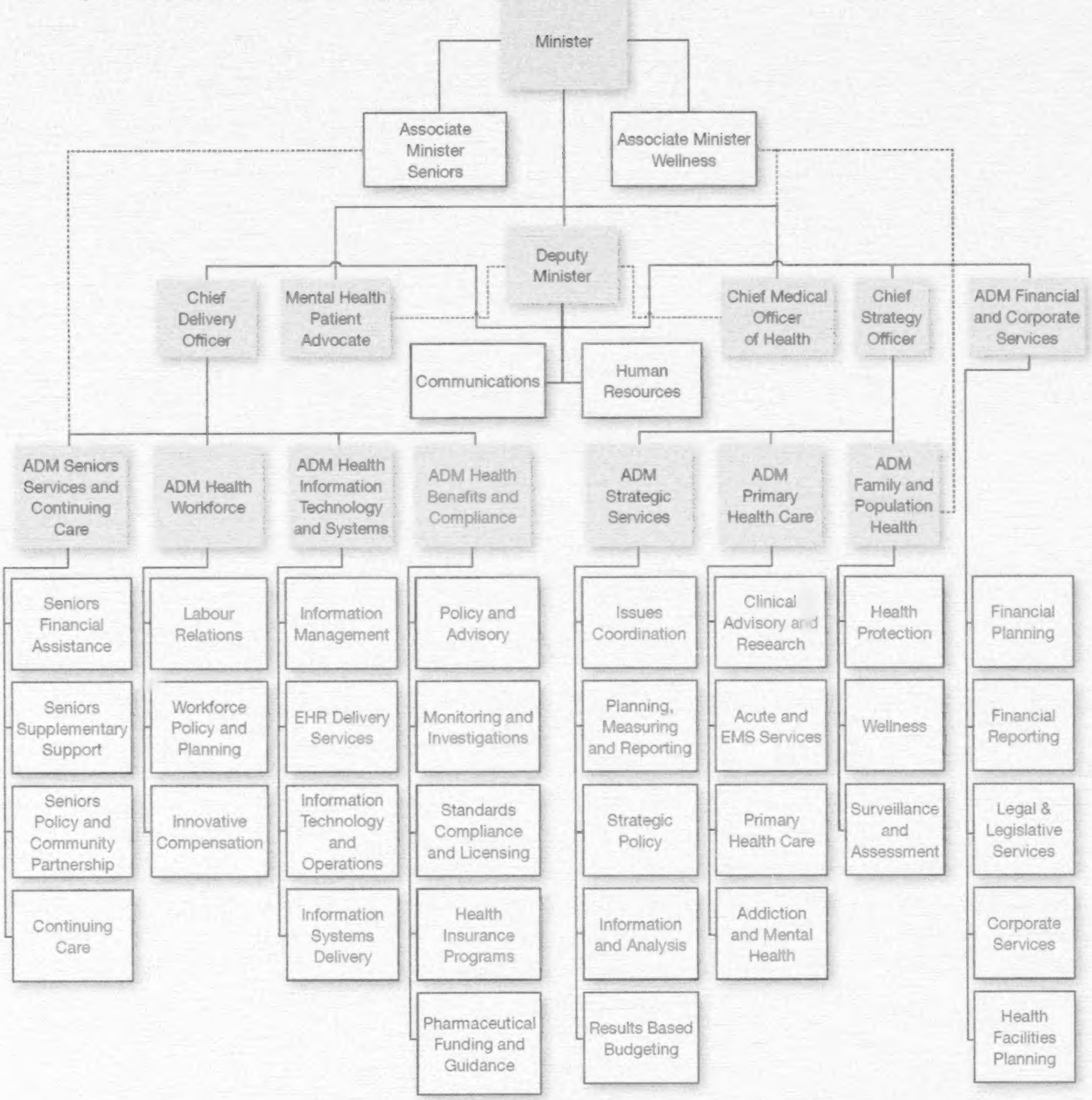
[original signed by]

Marcia Nelson
Deputy Minister
Ministry of Health
June 19, 2013

# Ministry Overview

## Ministry of Health Organization

**(For the year ended March 31, 2013)**


Minister
Associate Minister Seniors
Associate Minister Wellness
Deputy Minister
Chief Delivery Officer
Mental Health Patient Advocate
Communications
Human Resources
Chief Medical Officer of Health
Chief Strategy Officer
ADM Financial and Corporate Services
ADM Seniors Services and Continuing Care
ADM Health Workforce
ADM Health Information Technology and Systems
ADM Health Benefits and Compliance
ADM Strategic Services
ADM Primary Health Care
ADM Family and Population Health
Seniors Financial Assistance
Seniors Supplementary Support
Seniors Policy and Community Partnership
Continuing Care
Labour Relations
Workforce Policy and Planning
Innovative Compensation
Information Management
EHR Delivery Services
Information Technology and Operations
Information Systems Delivery
Policy and Advisory
Monitoring and Investigations
Standards Compliance and Licensing
Health Insurance Programs
Pharmaceutical Funding and Guidance
Issues Coordination
Planning, Measuring and Reporting
Strategic Policy
Information and Analysis
Results Based Budgeting
Clinical Advisory and Research
Acute and EMS Services
Primary Health Care
Addiction and Mental Health
Health Protection
Wellness
Surveillance and Assessment
Financial Planning
Financial Reporting
Legal & Legislative Services
Corporate Services
Health Facilities Planning

The ministry's focus and role is strategic in developing policy, setting standards and regulations, ensuring accountability, and pursuing innovations on behalf of Albertans. Alberta Health Services delivers health services in response to direction received from the ministry. Alberta Health Services' specific plans for delivering health services, and its priorities for the health system, can be found in its Strategic Direction Plan, which can be accessed at www.albertahealthservices.ca.

# Vision, Mission and Core Businesses

## Vision: *Healthy Albertans in a Healthy Alberta.*

The achievement of this vision is everybody's responsibility. The Ministry of Health plays a leadership role in achieving this vision through our mission, core businesses and goals.

## Mission: *Alberta Health sets policy and direction to lead, achieve and sustain a responsive, integrated and accountable health system.*

The ministry fulfills this mission through its core business: Effective leadership and sound governance of Alberta's health system which is supported by corresponding business plan goals.

## Core Business: *Effective leadership and sound governance of Alberta's health system*

Goal 1 – Enhanced health system accountability and performance

Goal 2 – Strengthened public health and healthy living

Goal 3 – Appropriate health workforce development and utilization

Goal 4 – Excellence in health care

AUDITOR
GENERAL
*Alberta*

# Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as reviewed by the Office of the Auditor General in the Ministry of Health's Annual Report 2012-2013. The reviewed performance measures are the responsibility of the ministry and are prepared based on the following criteria:

- Reliability – The information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- Understandability – The performance measure methodologies and results are presented clearly.
- Comparability – The methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – The goals, performance measures and related targets match those included in the ministry's budget 2012.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measures in demonstrating ministry progress towards the related goals.

Based on my review, nothing has come to my attention that causes me to believe that the performance measures identified as reviewed by Office of the Auditor General in the ministry's annual report 2012-2013 are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 30, 2013

Edmonton, Alberta

Performance measures reviewed by the Office of the Auditor General are noted with an asterisk (*) on the Performance Measures Summary Table

## Performance Measures Summary Table

| | Goals/Performance Measure(s) | Prior Year's Results | | | | Target | Current Actual |
|---|---|---|---|---|---|---|---|
| **1.** | **Effective health system accountability and performance** | | | | | | |
| 1.a* | Satisfaction with health care services received: Percentage of Albertans satisfied or very satisfied with health care services personally received in Alberta within the past year | 60%<br>(2007-08) | 61%<br>(2009-10) | 67%<br>(2010-11) | 62%<br>(2011-12) | **68%** | 63%<br>(2012-13) |
| **2.** | **Strengthened public health and healthy living** | | | | | | |
| 2.a | Smoking: Prevalence of smoking ** | | | | | | |
| | • Alberta youth aged 12 to 19 years | 10%<br>(2007) | 12%<br>(2008) | 12%<br>(2009) | 13%<br>(2010) | **9%** | 9%<br>(2011) |
| | • Young adults aged 20 to 24 years | 30%<br>(2007) | 26%<br>(2008) | 25%<br>(2009) | 30%<br>(2010) | **23%** | 29%<br>(2011) |
| 2.b | Influenza immunization: Percentage of Albertans who have received the recommended annual influenza immunization *** | | | | | | |
| | • Seniors aged 65 years and over | 58%<br>(2008-09) | 56%<br>(2009-10) | 59%<br>(2010-11) | 61%<br>(2011-12) | **75%** | 60%<br>(2012-13) |
| | • Children aged 6 to 23 months | 43%<br>(2008-09) | 16%<br>(2009-10) | 25%<br>(2010-11) | 29%<br>(2011-12) | **75%** | 30%<br>(2012-13) |
| | • Residents of long-term care facilities | 95%<br>(2008-09) | 91%<br>(2009-10) | 90%<br>(2010-11) | 91%<br>(2011-12) | **95%** | 89%<br>(2012-13) |
| 2.c | Sexually transmitted infections: Rate of newly reported infections (per 100,000 population)*** | | | | | | |
| | • Chlamydia | 344.7<br>(2008) | 379.3<br>(2009) | 356.1<br>(2010) | 371.2<br>(2011) | **320.0** | 393.6<br>(2012) |
| | • Gonorrhea | 60.8<br>(2008) | 43.8<br>(2009) | 32.5<br>(2010) | 39.6<br>(2011) | **30.0** | 52.7<br>(2012) |
| | • Syphilis | 7.0<br>(2008) | 7.7<br>(2009) | 4.7<br>(2010) | 2.4<br>(2011) | **4.0** | 3.2<br>(2012) |
| | • Congenital Syphilis: Rate per 100,000 births (live and still born) | – | – | 4.0<br>(2010) | – | **0** | 0<br>(2012) |
| **3.** | **Appropriate health workforce development and utilization** | | | | | | |
| 3.a* | Access to primary care through Primary Care Networks: Percentage of Albertans enrolled in a Primary Care Network ** | – | 55%<br>(2008-09) | 60%<br>(2009-10) | 67%<br>(2010-11) | **70%** | 72%<br>(2011-12) |

|  | Goals/Performance Measure(s) | Prior Year's Results |  |  |  | Target | Current Actual |
|---|---|---|---|---|---|---|---|
| **4.** | **Excellence in health care** |  |  |  |  |  |  |
| 4.a | Patient safety: Percentage of Albertans reporting unexpected harm to self or an immediate family member while receiving health care in Alberta within the past year | 10%<br>(2007-08) | 9%<br>(2009-10) | 12%<br>(2010-11) | 11%<br>(2011-12) | **9%** | 11%<br>(2012-13) |
| 4.b | Continuing care: |  |  |  |  |  |  |
|  | • Number of persons waiting in an acute care hospital bed for continuing care | 754<br>(2008-09) | 707<br>(2009-10) | 471<br>(2010-11) | 467<br>(2011-12) | **350** | 453<br>(2012-13) |
|  | • Number of persons waiting in the community for continuing care | 1,065<br>(2008-09) | 1,039<br>(2009-10) | 1,110<br>(2010-11) | 1,002<br>(2011-12) | **850** | 701<br>(2012-13) |
| 4.c | Wait time for hip replacement surgery: 90th percentile wait time in weeks | 36<br>(2008-09) | 35<br>(2009-10) | 39<br>(2010-11) | 40<br>(2011-12) | **22 weeks** | 36<br>(2012-13) |
| 4.d | Wait time for knee replacement surgery: 90th percentile wait time in weeks | 46<br>(2008-09) | 49<br>(2009-10) | 49<br>(2010-11) | 48<br>(2011-12) | **28 weeks** | 41<br>(2012-13) |
| 4.e | Wait time for cataract surgery: 90th percentile wait time in weeks | 30<br>(2008-09) | 42<br>(2009-10) | 47<br>(2010-11) | 35<br>(2011-12) | **25 weeks** | 29<br>(2012-13) |
| 4.f | Physician utilization of electronic medical records: Percentage of community physicians using the Electronic Medical Record in their clinic | 46%<br>(2008-09) | 46%<br>(2009-10) | 53%<br>(2010-11) | 57%<br>(2011-12) | **70%** | 70%<br>(2012-13) |
| 4.g | Generic drug spending in Alberta: Community dispensed percentage of generic prescription drugs in Alberta | 32.8%<br>(2008) | 35.1%<br>(2009) | 38.8%<br>(2010) | 41.9%<br>(2011) | **40.0%** | 41.1%<br>(2012) |

*** Indicates Performance Measures that have been reviewed by the Office of the Auditor General**

The performance measures indicated with an asterisk were selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal.
- Measures for which new data is available.
- Measures that have well established methodology.

**** Note:**

Measure 2.a Smoking: Prevalence of smoking — The 2011 result for Alberta youth aged 12 to 19 years is used with caution due to the variability of this estimated rate of smoking among this age group, as obtained from the Alberta Share File of the Canadian Community Health Survey (CCHS).

Results for 2012 is not available as of June 30, 2013.

Measure 3.a. Access to primary care through Primary Care Networks: Percentage of Albertans enrolled in a Primary Care Network — Result for 2012/2013 is not available as of June 30, 2013.

***** Note:**

Measure 2.b Influenza immunization — Data are collected during the influenza season, when the vaccine is administered, which is typically from October 1 to March 31 each year. However, there may be immunization events which fall outside this range depending on how long the Influenza virus circulates in Alberta, which are not included in the immunization rate data.

Measure 2.c Sexually transmitted infections: Rate of newly reported infections (per 100,000 population) Chlamydia; Gonorrhea; Syphilis; Congenital Syphilis: Rate per 100,000 births (live and still born). The 2012 results are preliminary and accurate as of December 31, 2012.

**For more detailed information, see the Performance Measures — Data Sources and Methodology section of the annual report, pages 32 to 41.**

**GOAL 1:** Linked to Core Business – Effective leadership and sound governance of Alberta's health system

# Enhanced health system accountability and performance

Albertans expect a high standard for health services and it is the responsibility of the government to ensure that the system is accountable for results. Being accountable for the health system means monitoring performance and measuring results, providing quality services for Albertans, and evaluating the effectiveness of programs in the interests of continuous service improvement and enhanced health system outcomes. The ministry acknowledges that effective partnerships are key to evaluating, planning, and providing access to a broad range of quality health services while ensuring effective governance and quality standards are met, and best practices are used throughout the health system. The ministry also recognizes the importance of maintaining and building upon its own organizational capacity to lead, govern and deliver the ministry's mission and to effectively respond to future challenges.

## Achievements

### Priority Initiative

**1.1 Ensure effective governance and accountability of the health system by clarifying the roles, relationship and responsibilities of the ministry and Alberta Health Services; providing health system policy direction and strengthening the measurement and reporting of health system performance.**

- In July 2012 the Minister formed the Health System Governance Review Task Force to advise on the roles, responsibilities and accountabilities in the health system. Following interviews with over 60 stakeholders and literature reviews, the Task Force tabled its report.

**1.2 Lead the health capital planning process and ensure immediate service delivery enhancements and activities in Alberta's 5-Year Health Action Plan are implemented.**

- Throughout 2011/2012 and 2012/2013, Alberta Health, Alberta Infrastructure and Alberta Health Services have been working to improve and standardize the capital project delivery processes.
- Planning reviews were underway for the following approved health projects:
  - Fort McMurray, Northern Lights Regional Health Centre Building Envelope Repairs – Total Provincial Support (TPS) $42 million;
  - Provincial Heliports, Upgrades and Development – TPS $25 million; and
  - Whitecourt Health Centre Redevelopment (for capital planning only) – TPS $10 million.
- The following five health projects had functional programs approved and TPS increases:
  - Medicine Hat Regional Hospital (expansion) – TPS $220 million;
  - Chinook Regional Hospital in Lethbridge (expansion) – TPS $127.8 million;
  - Edson Healthcare Centre (replacement) – TPS $186.4 million;
  - High Prairie Health Complex (replacement) – TPS $159.5 million, and;
  - Grande Prairie Regional Hospital (replacement) – TPS $621.4 million

- The following are key major capital projects which started clinical operations in 2012/2013:
  - Opened the new ambulatory facilities, the Kaye Edmonton Clinic and the East Calgary Health Centre.
  - Completed the expansion of the following acute care projects: two hospitals in Calgary: the Foothills Medical Centre and the Rockyview General Hospital; the expansion of the Sturgeon Community Hospital in St. Albert; and a new orthopedic surgical facility at the Royal Alexandra Hospital.
  - Opened the new South Health Campus in the fall of 2012, with phasing of the clinical services to continue over the next few years. The majority of these clinical services will be fully operational by the fall of 2013.
- The government has set a target for 5,300 additional continuing care spaces by 2015. The capital funding for these spaces has primarily been provided through the Affordable Supportive Living Initiative (ASLI) managed by Alberta Health. The three-year Capital Plan includes $100 million for ASLI. In addition, the Health Capital Plan also includes funding for the Continuing Care Capital Program for a total provincial support of $275.05 million to increase continuing care capacity. Since April 1, 2010 to March 31, 2013, there have been 3,007 additional continuing care beds opened.

### 1.4 Support the Ministry of Human Services in the development of a social policy framework to help achieve better health outcomes for children and families.

- Alberta Health supported Human Services' work on developing and implementing the Social Policy Framework by participating on their Advisory Committee providing guidance and direction from Alberta Health's perspective. Alberta Health has committed the Primary Health Care Strategy will serve as a key transformational initiative driving towards the intended outcomes of the Social Policy Framework.

## Key Performance Measure and Result

### **Measure 1.A** Satisfaction with health care services received

This measure identifies Albertans' overall satisfaction with health care services personally received in Alberta within the past year. Ratings of satisfaction with health care services are obtained from Albertans who have accessed health services in Alberta within the past year. These services may be those provided by family physicians, specialist physicians, pharmacists, mental health therapists, or other health care professionals, and may have been accessed in physicians' offices, community walk-in clinics, diagnostic laboratories, emergency departments, or acute care hospitals. The 'drivers' of satisfaction, according to the Health Quality Council of Alberta, include the ease of access to these services, quality of services received, coordination of health services, and satisfaction with the handling of complaints, if any.

Patient satisfaction with health care services received is a crucial and critical dimension of quality; it is an indicator of the structure, process and outcomes of care in Alberta's health care system. The information provides high level insights into the consequences of policy and strategic changes from the perspective of a key health care partner – Albertans. Satisfaction is an important measure as it supports quality improvement and the objective of delivering high quality patient centered care.

The 2012/2013 results for this measure are not statistically different from previous years.

In the past year, the health system has achieved some success in improving access and coordination of health care services. The Premier has made Primary Health Care one of the six focused agenda items for government, which has led to the opening of the first Family Care Clinics.

In contrast to these successes, the following healthcare issues may have adversely affected this measure:

- Negotiations with physicians, which was ongoing prior to and during the survey period;
- The HQCA Inquiry into the Possibility of Improper Preferential Access to Publicly Funded Health Services in Alberta (report pending) and the publicity surrounding revelations of misconduct that were made at the inquiry;
- Additional negative publicity around access and quality of health services has come from HQCA's Review of the Operations of Emergency Medical Services in Alberta (report released March 2013), which was requested by the Minister after public concerns were expressed about response times by emergency services following centralization of emergency ground services.

## Satisfaction with health care services received: Percentage of Albertans satisfied or very satisfied with health care services personally received in Alberta within the past year

| | **2007-08** | **2009-10** | **2010-11** | **2011-12** | **2012-13** | **Target 2012-13** |
|---|---|---|---|---|---|---|
| Satisfaction with health care services received: Percentage of Albertans satisfied or very satisfied with health care services personally received in Alberta within the past year. | 60% | 61% | 67% | 62% | 63% | **68%** |

**Source:** Health Quality Council of Alberta. *Satisfaction and Experience with Health Care Services: A Survey of Albertans* (2008, 2010, 2012). Health Quality Council of Alberta. *Provincial Survey about Health and the Health System in Alberta* (2011, 2013).

# Strengthened public health and healthy living

Health is comprised of physical, mental, emotional, social and spiritual dimensions. There is a growing realization that good health depends on the efforts and commitment of individuals, families, entire communities and society as a whole. The ministry will continue current partnerships and will form new broad based partnerships with other ministries and governments, community agencies, businesses and industry, universities and health service providers to build healthy communities, healthy environments and to support healthy choices.

## Achievements

### Priority Initiative

**2.1 Develop an all hazards approach to emergency preparedness.**

- An All-Hazards Health Emergency Management Approach document was completed this year. The approach defines common roles, responsibilities and integration points between Alberta Health and AHS during all types of emergencies. The approach provides a consistent way to plan for and respond to multiple types of hazards in the health system. It will be used as a foundation for ongoing all-hazards planning that will outline how Alberta Health and AHS will respond to any emergency.

**2.2 Develop and implement strategies to promote a strong foundation for public health. Key priorities will include areas such as: sexually transmitted infections and blood borne pathogens; injury prevention; environmental public health; surveillance and assessment; perinatal health; early childhood development; Aboriginal wellness; immunization; and healthy weight for children and youth.**

- New grants for Sexually Transmitted Infection and Blood Borne Pathogen lab testing, including Rapid HIV testing within Alberta Health Services were implemented this year as well as a grant to a community HIV agency to deliver new awareness initiatives in the work camp environments in the Fort McMurray region.
- No infants were diagnosed with congenital syphilis in 2012/2013. This may be due to increased awareness about syphilis and the need for prenatal testing and care as a result of the province-wide awareness campaign; a component of the Alberta Sexually Transmitted Infections (STI) and Blood Borne Pathogens Strategy and Action Plan 2011-2016.
- Alberta Health funds the Alberta Centre for Injury Control and Research (ACICR) at the University of Alberta. ACICR worked with stakeholders across Alberta to communicate injury prevention messages to Albertans and to work with Alberta policymakers to increase attention on reducing risk of injury in Alberta.
- As of July 1, 2012, changes were made to benefits under the Alberta Monitoring for Health Program. The benefit for low-income insulin-treated Albertans under age 65 was increased and a new benefit was added for Alberta women with insulin-treated gestational diabetes, who have no insurance coverage for basic diabetes supplies. Also, basic diabetic supply coverage for 7,700 insulin-treated seniors who were Alberta Monitoring for Health Program clients was transferred to the *Coverage for Seniors* plan. The $600 in diabetic supplies coverage was also extended to eligible members of the *Non-Group Coverage* and *Palliative Care Drug Coverage* plans (administered by Alberta Blue Cross).
- Alberta Health investigates and responds to public health threats, ensuring that Albertans' health is protected. In 2012, Alberta Health collaborated with Alberta Health Services on over 800 disease outbreaks. Throughout the province, norovirus and influenza were the most common causes of outbreaks.

- A new provincial Communicable Disease and Outbreak Management electronic system was implemented in all five Alberta Health Services zones in 2012/2013. Cases of communicable diseases can now be reported and managed faster, and efforts to prevent further spread of the disease are improved.
- In 2012/2013, Albertans had more health professionals and more locations offering influenza immunization than ever before. Almost 900,000 Albertans were immunized over a six week period. The number of pharmacists and other community partners offering the influenza vaccine to Albertans doubled in 2012/2013.
- Alberta Health maintains the Interactive Health Data Applications (IHDA and IHDA Geographic) on its public website (www.health.alberta.ca/health-info/IHDA.html) as a resource for all Albertans to understand the health of the population in the province.
- The "Be a Health Champion" communications campaign targeting parents and adult influencers of children up to 6 years was launched. The campaign communicated the importance of setting healthy habits early and provided information and resources to support healthy eating and active living through: advertising on television, in grocery stores, on line and in public health settings; an updated website and new iOS application; community outreach through the Healthy U Crew; televised public service announcements recognizing health champions in school community settings; and a new Munch and Move resource for childcare and recreation settings.
- Exposure and awareness of campaign elements and access to resources were measured:
    - The public advertisement campaign launched as planned on June 4, 2012 with a total of 31,888,927 exposures to Albertans from ads on TV, online, eblasts, public health centres and grocery carts.
    - Recall of Healthy U Campaign was high with 43% of parents/guardians recalling the campaign and its messages.
    - The Healthy U Crew rolled out two crews in May, reaching 28 rural and urban communities with16,567 interactions providing information and healthy living resources to Albertans during the 2012 tour.
    - The Healthy U Jr. Chef app promoting recipes and cooking skills for kids and their parents, launched as the first Government of Alberta iOS smartphone and tablet application in July; a media event involving the Associate Minister of Wellness occurred on July 30, 2012.
    - 3,000 copies of Munch and Move: the Fit Kit for Kids toolkits were initially distributed to child and daycare settings and another 3,000 were subsequently produced and distributed to meet the high demand in these setting.
    - Five Educator Outreach Public Service Announcement videos were aired in August-September with 360 ads on 3 CTV channels, further exposure on YouTube, promotion from the Alberta School Boards Association/other stakeholders and two follow up interviews on Prime Time Alberta.
- Behavioural outcomes will be assessed at the end of the three year initiative.

### 2.3 Implement Creating Connections: *Alberta's Addiction and Mental Health Action Plan 2011-2016* to reduce the prevalence of addiction and mental illness and to provide quality assessment, treatment and supportive services.

- In October 2012, two 20-bed units were opened at Alberta Hospital Edmonton: Young Adult Evaluation, Treatment and Reintegration Services serving 17 to 24 year olds transitioning to adult services from child and adolescent services and, Alternate Level of Care Transition Services serving adult patients from acute care psychiatry inpatient units in the Edmonton Zone.
- On November 19, 2012, Creating Tobacco-free Futures: Alberta's Strategy to Prevent and Reduce Tobacco Use, 2012-2022, was released. The Strategy acts as the provincial strategic framework for tobacco control for the next 10 years, and focuses on preventing and reducing tobacco use in the province and protecting Albertans from the harms of tobacco and second-hand smoke.
- In December 2012, funding was announced to enhance addiction and mental health services for homeless Albertans in Calgary, Edmonton and Lethbridge including enhanced case management and services and supports that help clients stay in the community and out of the hospital.
- In January 2013, funding was announced to support post-secondary institutions to expand campus addiction and mental health services and develop models of care that can be used on campuses across Alberta

### 2.4 Implement a long-term plan to promote wellness including Healthy Alberta — A Wellness Framework and new mechanisms to support community based initiatives.

- The Premier's Award for Healthy Workplaces program honored 7 award recipients in a ceremony held in Calgary on February 15, 2013. The Healthy Eating Starts Here poster series (developed by AHS) was launched in conjunction with Premiers Award for Healthy Workplaces at this event.
- Communities Choosewell (CC) is an energizing healthy eating and active living initiative aimed at recognizing and empowering Alberta communities to offer innovative programming, health promotion and community partnerships towards achieving a healthier Alberta. The CC initiative grew to include 166 communities in 2012/2013. Key events sponsored this year by CC and attended by Associate Minister Dave Rodney included the 21 Days Challenge, Iron Chef Competition, and a Health Fair to launch the third year of programming.
- The Alberta Healthy School Communities Award program honored 10 recipients at a ceremony held in Calgary on October 5, 2012, hosted by Associate Minister of Wellness and Minister of Education.
- A successful Action on Wellness Forum was held on November 2, 2012 with over 100 stakeholders providing input on the development of a provincial approach to wellness. Evaluation was very positive with an overall rating by participants of 4/5. A What We Heard document was distributed in December 2012 to all participants.

### 2.5 Raise public and government awareness of important existing or emerging health issues.

- Prepared media communications and other public advisories on the E-Coli outbreak and the Excel Foods meat recall and Costco meat tenderizing process.
- Identified the decreasing rate of childhood immunizations which led to a 5-point review and a refresh of the immunization strategy.
- Coordinated communication on the health and cost benefits of fluoride use in the drinking water supply which resulted in Red Deer City Council voting to continue its use for their citizens.
- Raised public and government awareness (i.e. within Ministry of Agriculture) on antibiotic resistance.
- Raised government awareness within the Ministry of Transport on the cost of injury related to All Terrain Vehicles which led to Alberta Transportation committing to review its safety legislation for ATVs.
- Identified the health risks associated with artificial tanning and are considering policy options to help address these risks.
- The newly designed healthyalberta.com website went live in November 2012. A new and ambitious social media plan has been implemented as part of the promotion for the website this year. Social media content is posted daily on Facebook, Twitter and Pinterest.
- A provincial/territorial engagement dialogue focused on developing strategies to reduce sodium levels in the food supply was planned and hosted by Alberta on November 21, 2012, involving participation from governments, industry, academics and non-governmental organizations. Excellent feedback was received from those stakeholders who attended.

## Key Performance Measures and Results

### MEASURE 2.A Smoking

These measures support a variety of tobacco reduction initiatives with tobacco prevention, protection and cessation as the primary areas of focus.

Tobacco use has no safe level of consumption and is highly addictive. In Alberta, tobacco use is responsible for about 3,000 deaths each year.

On November 19, 2012, Creating Tobacco-free Futures: Alberta's Strategy to Prevent and Reduce Tobacco Use, 2012-2022, was released. The Strategy seeks to prevent and reduce tobacco use and to protect Albertans from the harms of tobacco and second-hand smoke.

The smoking prevalence rate for Albertans aged 12-19 increased slightly each year from 2007 to 2010. However, in 2011 the smoking rate for this age group decreased to 8.9%.

In 2010, the smoking rate for youth aged 12-19 in Alberta was 12.8%; the decrease to 8.9% in 2011 was not statistically significant. This decrease may be the result of statistical variability within the process of measurement of the Canadian Community Health Survey.

The 2012/2013 performance target for Albertans aged 12-19 of 9.0% was achieved; however, the 2011 Canadian Community Health Survey data for this age group should be interpreted with caution due to its variability.

Alberta Health and Alberta Health Services implemented initiatives in the 2012/2013 fiscal year related to Albertans 12-19 years of age, as follows:

- Creating Tobacco-free Futures: Alberta's Strategy to Prevent and Reduce Tobacco Use, 2012-2022, was released. The Strategy has a strong focus on young Albertans.
- In 2012/2013, a total of 13 grants were funded to support tobacco reduction efforts. Out of the 13 grants, 10 had a youth and/or young adult focus.

- Work commenced on a tobacco reduction youth engagement campaign.
- The Option 4 program continued to be offered in certain locations in the province. Youth who are in contravention of the *Prevention of Youth Tobacco Use Act* can enroll in the Option 4 program to avoid paying a fine and increase their knowledge and awareness of tobacco reduction.
- Tobacco reduction counsellors across the province continued to work within schools and communities to encourage tobacco reduction.
- School-based tobacco reduction programs continued to be offered across Alberta.

The smoking prevalence rate for Albertans aged 20-24 had been declining from 2003 to 2009; however, there was an increase in smoking rates for this age group from 2009 to 2010. In 2011, the smoking rate for this age group decreased slightly from 29.6 in 2010 to 29.4 in 2011. The decrease was not statistically significant.

The 2012/2013 performance target of 23.0% was not achieved. The limitation may be due to the fact that Alberta has not had a tobacco tax increase for the past several years.

Alberta Health and Alberta Health Services implemented initiatives in the 2012/2013 fiscal year which impacted Albertans 20-24 years of age, as follows:

- Creating Tobacco-free Futures: Alberta' Strategy to Prevent and Reduce Tobacco Use, 2012-2022, was released. The Strategy has a strong focus on young Albertans.
- In 2012/2013, a total of 13 grants were funded to support tobacco reduction efforts. Out of the 13 grants, 10 had a youth and/or young adult focus.
- Alberta Health Services commenced work on a pilot project for a comprehensive workplace initiative at a post-secondary campus.
- Alberta Health Services continued to move forward on a young adult tobacco free program. Through the program there were four separate research documents developed this year to help inform programming and initiatives targeting young adults.
- Alberta Health Services created a young adult tobacco advisory committee. There are currently 13 members on the committee from across the province.
- Alberta Health Services commenced work on developing young adult tobacco reduction awareness campaigns.

## Smoking: Prevalence of smoking among Alberta youth and young adults

| | **2007** | **2008** | **2009** | **2010** | **2011** | **Target 2012-13** |
|---|---|---|---|---|---|---|
| Smoking: Prevalence of smoking: | | | | | | |
| Alberta youth aged 12 to 19 years | 10% | 12% | 12% | 13% | 9% | 9% |
| Young adults aged 20 to 24 years | 30% | 26% | 25% | 30% | 29% | 23% |

**Source:** Statistics Canada. Canadian Community Health Survey (CCHS), Alberta Share File, 2007, 2008, 2009, 2010 and 2011. Rates from the CCHS Alberta Share File are calculated excluding non-response categories ("refusal", "don't know", and "not stated") from the denominator.

**Note:** The 2011 result for Alberta youth aged 12 to 19 years is used with caution due to the variability of this estimated rate of smoking among this age group, as obtained from the Alberta Share File of the Canadian Community Health Survey (CCHS).

Results for 2012 is not available as of June 30, 2013.

### MEASURE 2.B Influenza immunization

Influenza has a significant impact on the health of Albertans and tends to be most severe among older Albertans, residents of long term care facilities, infants and young children, and those with certain chronic medical conditions. Hospitalizations for influenza are more likely to occur in children 6 to 23 months of age. Influenza illness can cause significant morbidity and mortality in this population and those who are ill can quickly fill acute care hospitals and emergency departments.

Alberta Health introduced a universal influenza immunization program in the fall of 2009 making influenza immunization available to all Albertans six months of age and older. Making the vaccine available to more people can improve immunization rates of high risk groups. It can also decrease their risk of contracting the virus because having a sufficient number of immune individuals can prevent chains of transmission, thereby protecting individuals who have not been immunized. This is known as herd immunity. A high level of herd immunity decreases the risk of outbreaks, morbidity and mortality.

## Influenza immunization: Percentage of Albertans who have received the recommended annual influenza immunization

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Target 2012-13 |
|---|---|---|---|---|---|---|
| Seniors aged 65 and over | 58% | 56% | 59% | 61% | 60% | **75%** |
| Children aged 6 to 23 months | 43% | 16% | 25% | 29% | 30% | **75%** |
| Residents of long-term care facilities | 95% | 91% | 90% | 91% | 89% | **95%** |

**Source:** Numerator data (count of those immunized by age category): Alberta Health Services Zones, First Nations and Inuit Health, Health Canada, Alberta Region. Denominator data: Alberta's Interactive Health Data Application. Residents of Long Term Care in the facilities on December 14, 2012.

**Note:** Data are collected during the influenza season, when the influenza vaccine is administered, which is typically October 1 to March 31 each year. However, there may be immunization events which fall outside this range depending on how long the Influenza virus circulates in Alberta, which are not included in the immunization rate data.

### MEASURE 2.C Sexually transmitted infections

Sexually transmitted infections are an important focus for public health surveillance. These infections can result in significant health, social, emotional and economic costs, many of which will occur over the long-term including babies born to mothers with syphilis.

It has been estimated that for every dollar spent on early detection and treatment of chlamydia and gonorrhea, $12 could be saved in the associated costs of non-treatment.

The rates of chlamydia, gonorrhea and syphilis have increased in 2012/2013. This is likely due to an increase in testing for these infections. Increased testing was an expected consequence of the provincial awareness campaign; a component of the *Alberta Sexually Transmitted Infections (STI) and Blood Borne Pathogens (BBP) Strategy and Action Plan 2011-2016.*

There were no babies diagnosed with congenital syphilis in 2012/2013. This may be, in part, due to media attention about congenital syphilis which might have contributed to increased awareness and seeking of pre-natal care and syphilis testing and treatment.

#### Background

The *Alberta Sexually Transmitted Infections (STI) and Blood Borne Pathogens (BBP) Strategy and Action Plan 2011-2016* was released in May, 2011 and focuses on reducing rates of STI and BBP among Albertans. The strategy also aims to minimize the health, social and economic consequences of these diseases.

As part of the strategy, a province-wide awareness campaign was launched to encourage youth and young adults to get tested and increase awareness of the risks of syphilis and other sexually transmitted infections.

## Sexually transmitted infections: Rate of newly reported infections (per 100,000 population)

|  | 2008 | 2009 | 2010 | 2011 | 2012 | Target 2012-13 |
|---|---|---|---|---|---|---|
| Chlamydia | 344.7 | 379.3 | 356.1 | 371.2 | 393.6 | **320.0** |
| Gonorrhea | 60.8 | 43.8 | 32.5 | 39.6 | 52.7 | **30.0** |
| Syphilis | 7.0 | 7.7 | 4.7 | 2.4 | 3.2 | **4.0** |
| Congenital Syphilis: Rate per 100,000 births (live and still born) | – | – | 4.0 | – | 0 | **0** |

**Source:** Alberta Health. CDRS-STI (Communicable Disease Reporting System — Sexually Transmitted Infection).

**Note:** The 2012 results are preliminary and accurate as of December 31, 2012.

**GOAL 3:** Linked to Core Business - Effective leadership and sound governance of Alberta's health system

## Appropriate health workforce development and utilization

Through various funding programs, collaborations and partnerships, the ministry assures the provision of quality health care services by enhancing the availability and sustainability of the health workforce. Efficient, effective and innovative patient care models can be achieved by leveraging health workforce resources and optimizing utilization of education, skills and experience. It includes new initiatives to increase Alberta's ability to train, recruit and retain health professionals including the recruitment of internationally trained health workers.

### Achievements

#### Priority Initiative

**3.1 Consult stakeholders and design a plan for the implementation of Family Care Clinics to support the evolution of primary health care.**

- In 2012, the draft Family Care Clinic (FCC) Application Kit, Wave 1 was developed and was made available for stakeholder and public feedback in December 2012 and January 2013.
- Input on the draft Application Kit was gathered through in-person discussion sessions, an online questionnaire, as well as emails and letters between December 2012 and January 2013.
- As part of engaging stakeholders in the FCC initiative and other primary health care transformation initiatives, a Minister's Advisory Committee on Primary Health Care and a Primary Health Care Strategy Working Group were established over the past year.
- As part of the plan for implementing Family Care Clinics, a province-wide assessment of community need for primary health care services was completed and a methodology for such assessment was developed.

**3.2 Begin implementing Family Care Clinics.**

- In April 2012, three pilot Family Care Clinics (FCCs) opened in Edmonton, Calgary, and Slave Lake. Initial evaluations of the three FCC sites indicate approximately 4,000 previously unattached Albertans are now attached to a FCC. All FCC clients have access to interdisciplinary teams to better manage patient care.

### 3.3 Expand the role of health professionals, such as pharmacists, to better utilize their skill sets.

- As part of the Alberta Government's support of a more active role for Alberta's pharmacists as integral members of our health care system, in July 2012 the government began compensating community pharmacies for providing professional services to Albertans. The new Compensation Plan for Pharmacy Services provides Alberta's pharmacists with a new opportunity to improve the health outcomes of their patients. Pharmacy Services eligible for compensation include preparation of Comprehensive Annual Care Plans (CACP's), Standard Medication Management Assessments (SMMA's), assessment and administration of medications by injection, assessment and adaptation of prescriptions, assessment for prescription renewal, patient assessment for initiating medication therapy and assessment and prescribing in a medical emergency.

### 3.4 Support health workforce sustainability through researching and implementing innovative approaches to health workforce planning, management and compensation.

- Naturopaths were brought under the *Health Professions Act*, providing some assurance to the increasing number of consumers seeking these services, of the education and training of practitioners in this profession. (August 1, 2012)
- Governance of midwives was transferred from a government appointed committee to the College of Alberta Midwives to provide the profession with experience in self-governance prior to coming under the *Health Professions Act*. (January 1, 2013)
- Alberta Health worked collaboratively with Alberta Health Services to create a Family Physician forecasting model which will provide critical data for policy decision making about numbers and distribution of Family Physicians in the province.
- There were 10 Academic Alternate Relationship Plans (Academic ARPs) with approximately 825 academic physicians in Alberta as of March 31, 2013. Academic ARPs are programs that recognize and compensate academic physicians for their clinical, teaching, research and administrative roles in the healthcare system. Academic ARPs enable the recruitment and retention of academic physicians, support innovative clinical practice, medical education and research, and provide additional funding to support these activities.
- There are 46 Clinical Alternative Relationship Plans (Clinical ARPs) established under the Clinical ARP Framework, supporting 932 physicians throughout Alberta as of March 31, 2013. The Clinical ARP Framework standardizes the rules governing how physicians are compensated in order to provide innovation in the provision of clinical services, enhance physician recruitment and retention in hard to serve areas, encourage a team based approach to care, and improve access to service.
- The Schedule of Medical Benefits introduced 3 new Health Services Codes for Facet Joint Injections in 2012/2013 - one for Cervical, one for Thoracic, and one for Lumbar/Sacral. Albertans affected by joint pain now have access to facet joint injections. Under the Fee-For-Service physician compensation model, physicians receive a fixed sum for each service or procedure according to the Schedule of Medical Benefits. The Schedule of Medical Benefits ensures that all new health services are supported by literature, are accepted by the medical community, and have scientifically proven value.
- Negotiations for a new agreement for the provision of physician services between Alberta Health and the Alberta Medical Association continued through 2012/2013. In the absence of an agreement, all programs and benefits that were part of the former Tri-Lateral Master Agreement were continued uninterrupted throughout 2012/2013, including an increase in per capita funding to Primary Care Networks.

**3.5 Provide appropriate access to services across the continuum of care by increasing the coordination of health and social support systems.**

- As of March 31, 2013, there were 40 PCNs in Alberta, including more than 2,600 family physicians providing primary care to over 2.9 million Albertans.

## Key Performance Measures and Results

### MEASURE 3.A Access to primary care through Primary Care Networks

PCNs are a province-wide, comprehensive services delivery model aimed at improving access to and better coordinating primary health care for Albertans. In a PCN, family physicians work with Alberta Health Services and other health professionals as a multi-disciplinary, integrated team to increase Albertans' access to the right care, from the right provider, at the right time.

In the 2011/2012 fiscal year, 2,483 primary care physicians (family physicians and general practitioners) were registered with PCNs in Alberta, with 2,806,926 Albertans receiving primary health care services through PCNs.

The increase of the percentage of Albertans enrolled in a Primary Care Network from the 2010/2011 to 2011/2012 fiscal year is directly related to the increase in number of physicians and health care providers registered with existing PCNs, as well as the establishment of one new Primary Care Network in the 2011/2012 fiscal year. Another factor that affects the percentage of Albertans enrolled with a PCN is the increase in the total number of Albertans covered by the Alberta Health Care Insurance Plan in the 2011/2012 fiscal year.

In 2011/2012, 261 additional physicians registered with existing PCNs. An additional 245,814 Albertans enrolled in existing PCNs.

On April 1, 2011 the Wainwright PCN was established (the only new PCN established within the 2011/2012 fiscal year). This resulted in an additional 6 new physicians and 7,728 Albertans enrolled in PCNs.

The total Alberta population covered by the Alberta Health Care Insurance Plan also grew by 123,879, an increase of 3.27% from the 2010/2011 fiscal year.

The 2011/2012 result of 72% is an increase of 5% from the 2010/2011 result of 67%. The 2011/2012 value exceeds the 2011/2012 target of 68%, outlined in the 2012-2015 Health and Wellness Business Plan.

## Access to primary care through Primary Care Networks: Percentage of Albertans enrolled in a Primary Care Network

|  | 2008-09 | 2009-10 | 2010-11 | 2011-12 | Target 2012-13 |
|---|---|---|---|---|---|
| Access to primary care through Primary Care Networks: Percentage of Albertans enrolled in a Primary Care Network | 55% | 60% | 67% | 72% | **70%** |

**Source:** Government of Alberta. Alberta Health. Alberta Health Care Insurance Plan Statistical Supplement, 2011/2012. *Numerator:* Number of patients enrolled in Primary Care Networks, as reported in Table 2.21 Primary Care Networks: Distribution by Health Region (AHS Zone), Number of Primary Care Physicians, Number of Patients, and Total Payments for the Service Year April 1 (year) to March 31 (year). *Denominator:* Population covered under the Alberta Health Care Insurance Plan as reported in Table 1.2 Number of Registrations and Population Covered, as at March 31 (year).

**Note:** Result for 2012/2013 is not available as of June 30, 2013.

# Excellence in health care

Albertans expect their health system to be capable of providing health services when they are needed while meeting or exceeding recognized standards of quality and safety. The Ministry establishes requirements for assurance to monitor compliance with accepted standards and performance targets. The ministry promotes a culture of excellence which emphasizes patient centered care, measurement, innovation and optimizing the use of research and technology, to support programs and mechanisms that maximize capacity and improve health care in Alberta.

## Achievements

### Priority Initiative

**4.2 Develop enhanced home care and rehabilitation by increasing hours funded and standardizing care hours across the province to enable more Albertans, who would otherwise need to move to long-term care, to remain in the community.**

- To support Albertans to age in the their communities, $25 million was provided to support home care projects including adding adult day program spaces, enhancing province wide access to 24-hour on-call registered nurses for home care clients, and introducing the Destination Home program.

**4.3 Continue to develop and enhance Alberta Netcare, Alberta's electronic health record, to streamline access by health service providers and to enhance the integration with community physician medical record systems, pharmacy systems and those of other providers.**

- Completed the integration of diagnostic images and associated reports from community providers to Netcare. Completed first pilot of end to end integration between Netcare's Pharmaceutical Information Network and a community physician's Electronic Medical Record system as well as a pharmacist's Pharmacy Practice Management System demonstrating the foundational pieces of electronic prescribing.
- Added a number of new sources of data (AHS Calgary and rural zone encounters; echocardiogram reports from AHS Calgary; seniors' health — personal health profile reports from Edmonton and rural zones as well as continuing care client profile reports from Calgary and rural Alberta senior programs).

**4.4 Develop the foundation to establish Alberta's Healthcare Data Repository, a common data repository for the Department of Health and Alberta Health Services that will serve the data needs of the health system and researchers.**

- Significant progress has been made on the development of Alberta's Healthcare data repository for 2012/2013. Foundational developments included joint approval by Alberta Health and AHS of the Business Case and Governance Plan, and execution of a funding grant to AHS for the program.
- As a joint program, AH and AHS are actively working together to develop the strategic framework and implement within a three year timeframe. Significant achievements include the implementation of a dedicated project management office and the delivery of an Integrated Health System Analytics Strategy.
- Several pieces of work are in-flight including a portal strategy, toolset strategy, infrastructure plan, privacy and security review and service strategy. Many stakeholders in the healthcare system, including researchers, are being consulted through this development/investigate phase.

**4.5 Develop and implement Alberta's provincial plan for cancer care.**

- Changing Our Future: Alberta's Cancer Plan to 2030 is developed with extensive stakeholder consultation and is ready for imminent release.

**4.6 Improve access to clinical care and treatment through strategies such as: managing wait times; efficient and effective use of the available workforce; clinical facilities; a process to support adoption of new and innovative technologies; and implementation of system-wide client navigation.**

- Continued to ensure that the introduction or funding of new and existing health technologies and services is based on sound clinical evidence through the Alberta Health Technologies Decision Process (AHTDP). Seventeen health technologies were assessed in the past year. The AHTDP also developed models to reassess existing technologies that may be obsolete or misused, evaluate policy decisions to see if intended results were achieved, and implement new technologies subject to ongoing evidence development. A pilot project in each of these areas was initiated.
- Supported AHS in the continued implementation of the Alberta Provincial Stroke Strategy.
- Improved health system capacity through research and knowledge transfer initiatives. Collaborated with Alberta Health Services on Strategic and Operational Clinical Networks and supported implementation of clinical practice guidelines to ensure provincial uptake of best practices.
- In Alberta, the costs for generic drugs have been reduced significantly in recent years. Further changes to generic drug pricing became effective July 1, 2012, when the Alberta government reduced the price it pays for all generic drugs from 45 per cent to 35 per cent of the comparable brand drug price.

## Key Performance Measures and Results

### Measure 4.A Patient Safety

This performance measure supports the provision of safe care to improve patient outcomes and fosters continuous improvement in patient safety in Alberta.

Patient experience with adverse events is a high level indicator of system safety. Unlike complications, which may occur as an expected risk of some treatments, unexpected harm can affect a patient's health and/or quality of life and can result in additional or prolonged treatment, pain or suffering, disability or death.

Albertans deserve a safe health care system that they can rely on whenever and wherever they receive health services. This performance measure assesses Albertans' perceptions of receiving and reporting unexpected harm while receiving health services in Alberta in the past year.

HQCA reports there was no statistically significant difference in percent of Albertans who reported they or a family member experienced unexpected harm while receiving health care in Alberta in 2013 as compared to the other years (page 23, 2013 Provincial Survey about Health and the Health System in Alberta, HQCA, April 19, 2013).

HQCA indicates a confidence interval of 1.7 above or below the result. The performance target of 9% for this measure falls just outside of the confidence interval of the reported result. Alberta's health system nearly achieved the desired performance for this measure in 2012/2013.

To improve patient safety, AHS reports on 12 performance measures to the public about quality and safety of health services in its quarterly reports. AHS established The Reporting of Clinical Adverse Events, Close Calls and Hazards Level 1 Policy in November 2012. As part of facilitating the analysis and learning arising from adverse events, close calls and hazards reported into the AHS provincial Reporting and Learning System (RLS) across the AHS, the RLS education needs re-assessment was completed and all online RLS education resources were updated. AHS also implemented the Canadian Patient Safety Institute's Safer Healthcare Now bundle of recommendations designed to reduce the number of bloodstream infections. These activities (which include optimizing hand hygiene practices) ensure that best practice is employed for central line insertion and maintenance in order to prevent infection. Infection rate reports are also provided to physicians and staff who insert and care for central lines so they can monitor their practice. AHS also conducted a province-wide observational review from May to August 2011 to establish a baseline AHS rate of hand hygiene compliance at approximately 50%, based on 27,728 observations. The province-wide review was repeated in 2012 with 63,989 observations. The 2012 overall hand hygiene compliance rate was 58.4% (95% Confidence Interval 58.0-58.8%), which when compared with the 50% during the summer of 2011, showed a significant increase of 16.8% over one year.

## Patient Safety: Percentage of Albertans reporting unexpected harm to self or an immediate family member while receiving health care in Alberta within the past year

| | **2007-08** | **2009-10** | **2010-11** | **2011-12** | **2012-13** | **Target 2012-13** |
|---|---|---|---|---|---|---|
| Patient Safety: Percentage of Albertans reporting unexpected harm to self or an immediate family member while receiving health care in Alberta within the past year | 10% | 9% | 12% | 11% | 11% | **9%** |

**Source:** Health Quality Council of Alberta. *Satisfaction and Experience with Health Care Services: A Survey of Albertans* (2008, 2010, 2012). Health Quality Council of Alberta. *Provincial Survey about Health and the Health System in Alberta* (2011, 2013).

## MEASURE 4.B Continuing care: Number of persons waiting in an acute care hospital bed for continuing care and Number of persons waiting in the community for continuing care

This performance measure monitors and reports on progress toward reducing the number of persons waiting in either acute/sub-acute care or in the community for a publicly funded continuing care living option. Provincial targets are ambitious and aggressive, consistent with the intent to provide all Albertans requiring continuing care to have access to appropriate options for continuing care within thirty days.

Continuing care clients are not defined by age, clinical diagnosis or the length of time they may require service, but by their need for continuing care. Continuing care differs from acute/sub-acute care, as services are usually ongoing rather than episodic in nature and needs are beyond what could be addressed through primary care alone. 7,761 clients were placed this year, an increase of 1% over the same period in 2011/2012.

### Continuing care: Number of persons waiting in an acute care hospital bed for continuing care

The number of persons waiting in an acute care hospital bed indicates the number of acute/sub-acute care beds that are being occupied by patients who have been assessed and approved for a publicly funded continuing care living option and no longer require acute/sub-acute care. Although the target of 350 individuals waiting for continuing care placement while in an acute/sub-acute care facility was not met, the reduction in people waiting represents a continued improvement trend over the last four years. Actual performance attained was 453. The average time spent waiting decreased by 7 days, a 17% reduction in wait time. Also, while the number of people waiting remained relatively constant (2011/2012 was 467), the overall volume of people being placed has increased. 5,561 acute/sub-acute care clients were placed, representing an increase of 4% from 2011/2012.

### Continuing care: Number of persons waiting in the community for continuing care

The number of persons waiting in the community for continuing care indicates how many people who have been assessed and approved for a publicly funded continuing care living option are waiting in the community for admission into continuing care spaces. As well, these numbers indicate unmet demand for continuing care spaces including those in long-term care facilities such as nursing homes and auxiliary hospitals or designated supportive living environments such as Supportive Living Level 3, Supportive Living Level 4, and Supportive Living Level 4 Dementia. Relative to the previous fiscal year (2011/2012) of 1,002 individuals, the number of individuals waiting has reduced by 301 individuals to 701, exceeding target of 850. The decrease in numbers may be attributed to the 857 net new continuing care beds, as well as the additional $25 million in Budget 2013, dedicated to three initiatives to enhance home care and rehabilitation services: Adult Day Programs, Destination Home and access to a 24-hour on-call Registered Nurse.

The Government of Alberta and Alberta Health Services has been adding more continuing care beds/spaces, with the expected benefit to Albertans that fewer people will wait in hospital beds or in the community for continuing care services.

## Continuing care

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Target 2012-13 |
|---|---|---|---|---|---|---|
| Number of persons waiting in an acute care hospital bed for continuing care | 754 | 707 | 471 | 467 | 453 | **350** |
| Number of persons waiting in the community for continuing care | 1,065 | 1,039 | 1,110 | 1,002 | 701 | **850** |

**Source:** Alberta Health Services. Stratahealth Pathways (Calgary and Edmonton Zones); Meditech (North, Central and South Zones).

### MEASURE 4.C Wait time for hip replacement surgery

Hip Replacement Surgery is the second most common joint replacement surgery in Alberta specifically and North America in general. Providing reasonable and timely access to hip replacement is a major objective and a defining attribute of the publicly funded health system in Alberta. Longer waits for necessary hip replacements affect health status and quality of life and result in more costly health services.

In 2012/2013, 90% of patients received hip replacement surgery within 36.3 weeks from the decision to treat. The wait time showed a positive directional change this year, despite a 6% increase in volume of surgeries. Wait times continue to be longer than the national benchmark of 26 weeks.

Alberta Health Services has undertaken a number of actions in 2012/2013 to improve access to hip replacement surgery, including:

- A project to implement a standardized diagnosis-based priority system to book surgeries throughout the Province
- Capacity improvements (opening of South Health Campus) have resulted in an increased number of completed cases, thereby reducing backlog
- Refined, focused initiatives address existing wait lists, appropriateness of patient care, expedited patient care and reduced length of hospital stay.

## Wait time for hip replacement surgery: 90th percentile wait time in weeks

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Target 2012-13 |
|---|---|---|---|---|---|---|
| Wait time for hip replacement surgery: 90th percentile wait time in weeks | 36 | 35 | 39 | 40 | 36 | **22 weeks** |

**Source:** Alberta Health Services. Multiple Operating Room Systems across Alberta (PICIS, Meditech,VAX, and Manual Data Collection).

### MEASURE 4.D Wait time for knee replacement surgery

Knee Replacement Surgery is the most common joint replacement surgery in Alberta, specifically, and North America in general. Typically, the procedure is undertaken for patients with a condition of osteoarthritis and occurs with greatest frequency in those aged 60 and older. Historically, surgeries for knee replacement (since 2003) have been over 60 years of age. Given Alberta's steady growth of an aging population, the incidence and importance of this procedure can be expected to increase markedly over the foreseeable future.

In 2012/2013, 90% of patients received knee replacement surgery within 40.9 weeks from the decision to treat. The wait time has improved over the previous year, despite a 4% increase in volume of surgeries; however, remains significantly longer than the national benchmark of 26 weeks.

Alberta Health Services has undertaken a number of actions in 2012/2013 to improve access to knee replacement surgery, including:

- A project to implement a standardized diagnosis-based priority system to book surgeries throughout the Province
- Capacity improvements (opening of South Health Campus) have resulted in an increased number of completed cases, thereby reducing backlog
- Refined, focused initiatives addressed existing wait lists, appropriateness of patient care, expedited patient care and reduced length of hospital stay.

## Wait time for knee replacement surgery: 90th percentile wait time in weeks

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Target 2012-13 |
|---|---|---|---|---|---|---|
| Wait time for knee replacement surgery: 90th percentile wait time in weeks | 46 | 49 | 49 | 48 | 41 | **28 weeks** |

**Source:** Alberta Health Services. Multiple Operating Room Systems across Alberta (PICIS, Meditech, VAX, and Manual Data Collection).

### MEASURE 4.E Wait time for cataract surgery

One of the leading causes of visual impairment in North America is cataracts. Cataracts have been identified in about 50% of persons between 65 and 74 years of age, and in about 70% of those over the age of 75 years. Surgical removal of the lens, the only currently available treatment for cataract-associated vision loss, is capable of restoring visual function in 90% of cases. Cataract surgery is the most common surgery in Alberta and one of the major concerns for timely treatment of residents of the province.

In 2012/2013, 90% of patients received scheduled cataract surgery (first eye) within 29 weeks from the decision to treat. The wait time decreased substantially from the previous year, partly due to a 6% decrease in volume of surgeries, but was still significantly longer than the national benchmark of 16 weeks for high risk patients. Alberta's results do not differentiate high risk patients from those deemed to not be high risk.

Alberta Health Services has undertaken a number of actions in 2012/2013 to improve access to cataract surgery, including:

- A project to implement a standardized diagnosis-based priority system to book surgeries throughout the Province
- Implementation of a focused approach to clearing up existing wait lists in an effort to ensure that the existing waitlists are accurate and patients are receiving the appropriate care.

## Wait time for cataract surgery: 90th percentile wait time in weeks

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Target 2012-13 |
|---|---|---|---|---|---|---|
| Wait time for cataract surgery: 90th percentile wait time in weeks | 30 | 42 | 47 | 35 | 29 | **25 weeks** |

**Source:** Alberta Wait Times Reporting; Business Intelligence Environment (BIE), Alberta Health.

### Measure 4.F Physician utilization of electronic medical records

The performance measure quantifies the adoption rate of electronic medical record (EMR) technology into physician practices. EMR technology supports best practice care delivery and helps community physicians provide improved primary care services to Albertans.

The role of a Physician Office System Program (POSP) is to enable the use of electronic medical records by physicians, who provide insured services in Alberta, to improve patient care and support best practice care delivery within Alberta's electronic health environment.

POSP is governed by a trilateral committee with representatives from Alberta Health, the Alberta Medical Association and Alberta Health Services. POSP is an integral component of Alberta Netcare, the Provinces' electronic health record strategy.

During the 2012/2013 year, a total of 535 physicians implemented an EMR under the POSP. Program to date, 3,349 (70%) physicians out of an eligible 4,820 have implemented an EMR. This met target of 70% adoption.

The reported "program to date" number of 3,349 was adjusted to correct for physicians who worked in multiple clinics and to account for physician movement and retirements.

The results met the target for 2012/2013. Higher physician adoption was due to two factors: (a) understanding that physician funding for EMR adoption would cease on March 31, 2014, prompted many physicians to take advantage of current funding, and (b) a clinic funding model was implemented which allowed physicians who worked in multiple clinics better control over the distribution of their EMR funding resulting in higher EMR adoption within clinics.

## Physician utilization of electronic medical records: Percentage of community physicians using the Electronic Medical Record in their clinic

| | **2008-09** | **2009-10** | **2010-11** | **2011-12** | **2012-13** | **Target 2012-13** |
|---|---|---|---|---|---|---|
| Physician utilization of electronic medical records: Percentage of community physicians using the Electronic Medical Record in their clinic | 46% | 46% | 53% | 57% | 70% | **70%** |

**Source:** Alberta Medical Association (AMA) membership database (MSIS); POSP funding and enrolment database (iPOSP); Alberta Health Services (AHS) Lab destinations per physician.

### MEASURE 4.G Generic drug spending in Alberta

An affordability measure for Albertans is the percent of total value of prescription drugs dispensed in Community Pharmacies. Essentially, prescription drugs become more affordable as a larger share of Albertans' drug purchases are generic drugs.

The target for 2012 was exceeded by 1.1%; however, this is lower than expected based on projections from actuals from 2008 to 2011.

The results have been reported based on estimated dollar value of generic drugs compared with the total dollar value of generic and brand drugs. As the cost of generic drugs in Alberta decreases as a result of policy changes, their percentage of total value of prescription drugs is anticipated to decline in future years.

## Generic drug spending in Alberta: Community dispensed percentage of generic prescription drugs in Alberta

| | **2008** | **2009** | **2010** | **2011** | **2012** | **Target 2012-13** |
|---|---|---|---|---|---|---|
| Generic drug spending in Alberta: Community dispensed percentage of generic prescription drugs in Alberta | 32.8% | 35.1% | 38.8% | 41.9% | 41.1% | **40.0%** |

**Source:** IMS Brogan, Canadian CompuScript; Alberta Health, Pharmaceutical Funding and Guidance Branch.

# Changes to Performance Measures Information

## New or Changed Performance Measures in the 2012/2013 Annual Report:

- Sexually transmitted infections: Rate of newly reported infections (per 100,000 population)
  - Chlamydia
  - Gonorrhea
  - Syphilis
  - Congenital Syphilis: Rate per 100,000 births (live and stillborn)

## Key Performance Measures discontinued in the 2013-2016 Business Plan:

- Smoking: Prevalence of smoking
  - Alberta youth aged 12 to 19 years
  - Young adults aged 20 to 24 years.
- Continuing care:
  - Number of persons waiting in an acute care hospital bed for continuing care
  - Number of persons waiting in the community for continuing care.
- Wait time for hip replacement surgery: 90th percentile wait time in weeks.
- Wait time for knee replacement surgery: 90th percentile wait time in weeks.
- Wait time for cataract surgery: 90th percentile wait time in weeks.
- Physician utilization of electronic medical records: Percentage of community physicians using the Electronic Medical Record in their clinic.
- Generic drug spending in Alberta: Community dispensed percentage of generic prescription drugs in Alberta.

## New or Changed Performance Measures in the 2013-2014 Annual Report:

- Childhood immunization rates (by age 2):
  - Diphtheria, tetanus, pertussis, polio, Hib
  - Measles, mumps, rubella.
- Healthy Alberta Risk Trend Index (HARTI): Average number of health risk factors per person aged 20 to 64 years.
- Access to continuing care: Percentage of clients placed in continuing care within 30 days of being assessed.
- Access to childrens' mental health services: Percentage of children aged 0 to 17 years receiving scheduled mental health treatment within 30 days.

# Performance Measures — Data Sources and Methodology

## Data Sources

1.a. Health Quality Council of Alberta. *Satisfaction and Experience with Health Care Services: A Survey of Albertans* (2008, 2010, 2012). Health Quality Council of Alberta. *Provincial Survey about Health and the Health System in Alberta* (2011, 2013).

2.a. Statistics Canada. Canadian Community Health Survey (CCHS), Alberta Share File, 2007, 2008, 2009, 2010 and 2011. Rates from the CCHS Alberta Share File are calculated excluding non-response categories ("refusal", "don't know", and "not stated") from the denominator.

Note: The 2011 result for Alberta youth aged 12 to 19 years is used with caution due to the variability of this estimated rate of smoking among this age group, as obtained from the Alberta Share File of the Canadian Community Health Survey (CCHS).

Results for 2012 is not available as of June 30, 2013.

2.b. Numerator data (count of those immunized by age category): Alberta Health Services Zones, First Nations and Inuit Health, Health Canada, Alberta Region. Denominator data: Alberta's Interactive Health Data Application. Residents of Long Term Care in the facilities on December 14, 2012.

Note: Data are collected during the influenza season, when the influenza vaccine is administered, which is typically October 1 to March 31 each year. However, there may be immunization events which fall outside this range depending on how long the Influenza virus circulates in Alberta, which are not included in the immunization rate data.

2.c. Alberta Health. CDRS-STI (Communicable Disease Reporting System – Sexually Transmitted Infection). Note: The 2012 results are preliminary and accurate as of December 31, 2012.

3.a. Government of Alberta. Alberta Health. Alberta Health Care Insurance Plan Statistical Supplement, 2011/2012. *Numerator:* Number of patients enrolled in Primary Care Networks, as reported in Table 2.21Primary Care Networks: Distribution by Health Region (AHS Zone), Number of Primary Care Physicians, Number of Patients, and Total Payments for the Service Year April 1 (year) to March 31 (year). *Denominator:* Population covered under the Alberta Health Care Insurance Plan as reported in Table 1.2 Number of Registrations and Population Covered, as at March 31 (year).

Note: Result for 2012/2013 is not available as of June 30, 2013.

4.a. Health Quality Council of Alberta. *Satisfaction and Experience with Health Care Services: A Survey of Albertans* (2008, 2010, 2012). Health Quality Council of Alberta. *Provincial Survey about Health and the Health System in Alberta* (2011, 2013).

4.b. Alberta Health Services. Stratahealth Pathways (Calgary and Edmonton Zones); Meditech (North, Central and South Zones).

4.c. Alberta Health Services. Multiple Operating Room Systems across Alberta (PICIS, Meditech, VAX, and Manual Data Collection).

4.d. Alberta Health Services. Multiple Operating Room Systems across Alberta (PICIS, Meditech, VAX, and Manual Data Collection).

4.e. Alberta Wait Times Reporting; Business Intelligence Environment (BIE), Alberta Health.

4.f. Alberta Medical Association (AMA) membership database (MSIS); POSP funding and enrolment database (iPOSP); Alberta Health Services (AHS) Lab destinations per physician.

4.g. IMS Brogan, Canadian CompuScript; Alberta Health, Pharmaceutical Funding and Guidance Branch.

# Methodology

## 1.a Satisfaction with health care services received: Percentage of Albertans satisfied or very satisfied with health care services personally received in Alberta within the past year

The calculation of results for this measure is based on the percentage of respondents to the HQCA 2013 *Provincial Survey about Health and the Health System in Alberta* who responded "satisfied" or "very satisfied" to the question:

"Thinking about all of your personal experiences within the past year with the health care services in Alberta that we just reviewed, to what degree are you satisfied or dissatisfied with the services you have received? Please use a scale of 1 to 5 where '1' means 'very dissatisfied' and '5' means 'very satisfied'."

HQCA *2013 Provincial Survey about Health and the Health System in Alberta* is a population survey conducted by the Health Quality Council of Alberta for the purpose of obtaining Albertans' views and perceptions on the quality, safety and performance of the publicly funded health care system.

From February 15, 2013 to March 15, 2013, data were collected through a telephone survey of 1,510 Albertans residing in randomly selected Alberta households. The overall response rate for the survey was calculated at 35%. The estimated margin of error for the provincial sample of 1,510 is 2.5 percent based on the 95% confidence interval.

A total of 561 respondents (weighted total) answered the question on satisfaction with health care services personally received in Alberta within the past year. Results are reliable within ±4.0 per cent, 19 times out of 20.

## 2.a Smoking: Prevalence of smoking

- **Alberta youth aged 12 to 19 years**
- **Young adults aged 20 to 24 years**

This measure is defined as the percentage of Alberta youth 12 to 19 years, and young adults 20 to 24 years, who reported that they smoke daily or occasionally.

The Canadian Community Health Survey (CCHS) includes a wide range of questions about the health and health behaviours of residents in each province; since 2007, it is conducted annually. The CCHS includes questions about the respondent's smoking habits. If respondents answer "yes" to the question, "In your lifetime, have you smoked a total of 100 or more cigarettes (about 4 packs), then respondents are then asked the question: "At the present time, do you smoke cigarettes daily, occasionally or not at all?"

Responses to this question, analyzed by the age group of the respondent, provide the results reported on the current prevalence of smoking among these age groups.

Calculation of Result:

From CCHS variable SMKDSTY, collapsing categories.

All respondents (Ages 12 to 19)

All respondents (Ages 20 to 24)

The principle behind estimation in a probability sample is that each person in the sample "represents", besides him or herself, several other persons not in the sample. For example, in a simple random 2% sample of the population, each person in the sample represents 50 persons in the population. In the terminology used here, it can be said that each person has a weight of 50. The weighting phase is a step that calculates, for each person, his or her associated sampling weight. In order for estimates produced from survey data to be representative of the covered population and not just the sample itself, a user must incorporate the survey weights into their calculations.

In order to determine the quality of an estimate, the variance must be calculated. The bootstrap re-sampling method used in the CCHS involves the selection of simple random samples known as replicates, and the calculation of the variation between the estimates from replicate to replicate. In each stratum, a simple random sample of (n-1) of the n clusters is selected with replacement to form a replicate. In each replicate, the survey weight for each record in the (n-1) selected clusters is recalculated. These weights are then post-stratified according to demographic information in the same way as the sampling design weights in order to obtain the final bootstrap weights. The entire process (selecting simple random samples, recalculating and post-stratifying weights for each stratum) is repeated B times. The CCHS typically uses B=500, to produce 500 bootstrap weights. To obtain the bootstrap variance estimator, the point estimate for each of the B samples must be calculated. The standard deviation of these estimates is the bootstrap variance estimator.

In 2011, the result on the prevalence of smoking among Alberta youth aged 12 to 19 years is reliable within ±3.4 per cent, 19 times out of 20. Among young adults aged 20 to 24 years, the result on the prevalence of smoking is reliable within ±7.8 per cent, 19 times out of 20.

## 2.b Influenza immunization: Percentage of Albertans who have received the recommended annual influenza immunization

- **Seniors aged 65 and over**
- **Children aged 6 to 23 months**
- **Residents of long-term care facilities**

### Influenza Immunization: Seniors aged 65 and over

This is a measure of the percentage of adults aged 65 years and over who have received the annual influenza immunization.

### Influenza Immunization: Children aged 6 to 23 months

This is a measure of the percentage of children aged six to 23 months who have received the recommended doses of the influenza vaccine.

### Influenza Immunization: Residents of long-term care facilities

The percentage of residents of long term care facilities (include all residents in long term care facilities in Alberta) who received one dose of the influenza vaccine.

Numerator data (count of those immunized by age category):

Alberta Health Services Zones

First Nations and Inuit Health, Health Canada, Alberta Region.

Denominator data:

Alberta's Interactive Health Data Application.

Residents of Long Term Care in the facilities on December 14, 2012.

Calculation of Result:

Seniors aged 65 and over:

Immunization rate= (number of seniors aged 65 years and over who received one dose of the influenza vaccine)/(mid-year population estimate of age category) × 100

Children aged 6 to 23 months:

Immunization rate=(number of children aged six to 23 months who received dose 2 of 2 or an annual dose of the influenza vaccine)/(mid-year population estimate of age category)* 100

Residents of long-term care facilities:

Immunization rate= the number of residents in the facilities on December 14, 2012 who received the vaccine on December 14, 2012.

Notes for Interpretation:

Data are collected during the influenza season, when the influenza vaccine is administered, which is typically October 1 to March 31each year. However, there may be immunization events which fall outside this range depending on how long the Influenza virus circulates in Alberta, which are not included in the immunization rate data.

First Nations people living on-reserve are included.

Albertans living in the city of Lloydminster receive services from Saskatchewan Health therefore this data is excluded from the calculation.

Immunization data is manually collected in each zone by AHS. Data is representative of all doses administered up until March 31, 2013. Data is aggregated by each zone and sent centrally for inclusion into the provincial AHS report. Data includes all immunizations delivered by AHS, community providers (including but not limited to physician offices, pharmacists, occupational health service providers, long term care, acute care, student health services at post-secondary institutions and First Nations Inuit Health Branch).

Children aged 6 to 23 months:

Children who require two doses of the influenza vaccine will only be included if they have received two doses during the current season up to and including March 31, 2013.

Children six to 23 months of age who have received two doses in the past season will be included if they receive an annual (single) dose during the current season.

Residents of long-term facilities:

It is necessary to define the immunization rate for Residents of Long-term care facilities in this way due to the high turnover in this population. Otherwise the result would be an immunization rate over 100%.

Time Period of Results Reported is October 1, 2012 to March 31, 2013.

## 2.c Sexually transmitted infections: Rate of newly reported infections (per 100,000 population)

- **Chlamydia**
- **Gonorrhea**
- **Syphilis**
- **Congenital Syphilis: Rate per 100,000 births (live and stillborn)**

Results for this measure are based on data from Alberta Health CDRS-STI (Communicable Disease Reporting System — Sexually Transmitted Infection) database, which provides the number of newly reported cases of sexually transmitted infection, by type of infection, in a given calendar year, and the Alberta Health's Business Intelligence Environment, which provides the mid-year population in a given calendar year.

**Calculation of Sexually Transmitted Infection Rates:**

Sexually transmitted infection rate = (Number of newly reported cases in given calendar year/ Mid-year population of given calendar year) × 100,000

**Calculation of Congenital Syphilis Rate:**

Congenital syphilis rate = (Number of newly reported cases in a given calendar year/Number of births (live and stillborn) in a given calendar year) * 100,000

Time Period of Results Reported is annual-calendar year, 2012.

## 3.a Access to primary care through Primary Care Networks: Percentage of Albertans enrolled in a Primary Care Network

This measure is defined as the percentage of Albertans informally enrolled in a Primary Care Network as at March 31 of a given year.

The result for this measure is based on the total number of patients enrolled in a Primary Care Network (PCN) as a proportion of the total population covered under the Alberta Health Care Insurance Plan (AHCIP) in a given fiscal year.

Calculation of Results:

The percentage of Albertans enrolled in PCNs is calculated by dividing the total number of Albertans informally enrolled in Primary Care Networks in a given fiscal year (April 1 to March 31) by the total population covered by the Alberta Health Care Insurance Plan as at March 31 of the same fiscal year, and then multiplying the resulting quotient by 100 to obtain the percentage.

Numerator: The numerator is the total number of patients enrolled in Primary Care Networks in a given year (April 1 to March 31), as reported in Table 2.21 Primary Care Networks: Distribution by Health Region (AHS Zone), Number of Primary Care Physicians, Number of Patients, and Total Payments for the Service Year April 1 (year) to March 31 (year), Alberta Health Care Insurance Plan Statistical Supplement.

The methodology used to determine the total number of patients enrolled in a Primary Care Network, as reported in Table 2.21 of the AHCIP Statistical Supplement, is as follows:

Patients are considered to be enrolled in a PCN when they are assigned to a physician/ nurse practitioner/ pediatrician registered to a PCN. There are four steps used to assign a patient to a physician:

Step 1: Patients who have seen one physician/ nurse practitioner/ pediatrician only are assigned to that physician/ nurse practitioner.

Step 2: Patients who have seen more than one physician, but one physician is predominant, are then assigned to that physician.

Step 3: Patients who have seen multiple physicians the same number of times are assigned to the physician who did the physical examination last.

Step 4: Patients who have seen multiple physicians the same number of times, and had no physical examination done, are assigned to the physician who saw the patient last.

These 4 steps are part of the four-cut methodology.

The number of patients linked to a PCN is calculated by the payments issued to the program, which is associated with the providers within the PCN. The payments to the PCN are identified by the payments the providers receive through the Claims Assessment System (CLASS). CLASS is an application that collects and processes claims transactions for physicians of multiple disciplines and provides information of compensation for physician services.

Denominator: The denominator is the total population registered with a Personal Health Number (PHN) and covered under the Alberta Health Care Insurance Plan as at March 31 of a given year. This number is reported in Table 1.1 of the Alberta Health Care Insurance Plan Statistical Supplement.

Percentage Calculation: The percentage of Albertans enrolled in a Primary Care Network = (Total number of Albertans informally enrolled in a Primary Care Network in a given year) ÷ (Total population covered by the Alberta Health Care Insurance Plan as at March 31, in the same year) × 100.

## 4.a Patient safety: Percentage of Albertans reporting unexpected harm to self or an immediate family member while receiving health care in Alberta within the past year

Patient Safety is defined as the reduction and mitigation of unsafe acts within the health care system rather than from the patient's underlying illness, as well as through the use of best practices shown to improve patient safety outcomes.

Calculation of results for this measure is based on the percentage of respondents to the HQCA 2013 *Provincial Survey about Health and the Health System in Alberta* who responded "yes" to the question:

"To the best of your knowledge, have you, or has a member of your immediate family experienced UNEXPECTED HARM while receiving healthcare in Alberta WITHIN THE PAST YEAR?"

The *HQCA 2013 Provincial Survey about Health and the Health System in Alberta* is a population survey conducted by the HQCA for the purpose of obtaining Albertans' views and perceptions on the quality, safety and performance of the publicly funded health care system.

From February 15, 2013 to March 15, 2013, data were collected through a telephone survey of 1,510 Albertans residing in randomly selected Alberta households. The overall response rate for the survey was calculated at 35%. The estimated margin of error for the provincial sample of 1,510 is 2.5 percent based on the 95% confidence interval.

A total of 1,213 respondents answered the question on experiencing unexpected harm while receiving health care in Alberta within the past year. Results are reliable within ±1.7 per cent, 19 times out of 20, for this question.

### 4.b Continuing care:

- **Number of persons waiting in an acute care hospital bed for continuing care**
- **Number of persons waiting in the community for continuing care**

The result for this measure is based on submissions from representatives from each of the five geographic Alberta Health Services (AHS) Zones. These AHS Zones are responsible for submitting the number of persons waiting in an acute care hospital bed for continuing care placement and the number of persons waiting in the community for continuing care placement to Data Integration, Measurement & Reporting (DIMR) on a monthly basis. AHS Corporate Accountability and Monitoring is responsible for collecting the report that is submitted to Alberta Health on a quarterly basis. North, South and Central Zones use MediTech, and some manual and semi-automated data collection. Calgary and Edmonton Zones use Strata Health — Pathways

Calculation of Results:

For the number of persons waiting in an acute care hospital bed for continuing care, the result is calculated as the arithmetic sum of a snapshot on the last week of the quarter of people waiting for continuing care placement in the five geographic AHS zones in Hospital across the province in a given fiscal year.

For the number of persons waiting in the community for continuing care, the result is calculated as the arithmetic sum of a snapshot on the last week of the quarter of people waiting for continuing care placement in the five geographic AHS zones in the community across the province in a given fiscal year.

Time Period of Results Reported is Annually as of March 31st of a given fiscal year.

### 4.c Wait time for hip replacement surgery: 90th percentile wait time in weeks

The result for this measure is based on the time (in weeks) within which 90 per cent of person cases were completed (had their procedure performed). The calculation uses Alberta Health Services (AHS) records of persons served from April 1 to March 31 of the reporting fiscal year. It does not include persons who received emergency surgical care.

The general definition of a percentile is a point on a rank-ordered scale, found by sorting a group of observations* in order of magnitude from lowest to highest. The first percentile approximates the very lowest/bottom number found, while the 100th percentile is the very highest reported. The nth percentile is the point exceeding n percent of the observations. For example, a wait time equal to or greater than 90 percent of other observations is the 90th percentile wait time.

*Each observation is the wait time, computed as:

Wait time = completion date – decision to treat date

for each AHS record meeting specified inclusion/exclusion criteria, completed on or 365 days prior to the last day of the reporting period.

The 90th percentile is calculated using the percentile function in Microsoft Excel.

Time Period of Results Reported is April 1, 2012 to March 31, 2013.

### 4.d Wait time for knee replacement surgery: 90th percentile wait time in weeks

The result for this measure is based on the time (in weeks) within which 90 per cent of cases were completed (had their procedure performed). The calculation uses Alberta Health Services (AHS) records of persons served from April 1 to March 31 of the reporting fiscal year. It does not include persons who received emergency surgical care.

The general definition of a percentile is a point on a rank-ordered scale, found by sorting a group of observations* in order of magnitude from lowest to highest. The first percentile approximates the very lowest/bottom number found, while the 100th percentile is the very highest reported. The nth percentile is the point exceeding n per cent of the observations. For example, a wait time equal to or greater than 90 per cent of other observations is the 90th percentile wait time.

*Each observation is the wait time, computed as:

Wait time = completion date – decision date to treat date

for each AHS record meeting specified inclusion/exclusion criteria, completed on or 365 days prior to the last day of the reporting period.

The 90th percentile is calculated using the percentile function in Microsoft Excel.

Time Period of Results Reported is April 1, 2012 to March 31, 2013.

### 4.e Wait time for cataract surgery: 90th percentile wait time in weeks

The result for this measure is based on the time (in weeks) within which 90 percent of person cases were completed (had their procedure performed as planned). The calculation uses Alberta Health Services (AHS) records of persons served from April 1 to March 31 of the reporting fiscal year. When cataract surgery is required for a patient's both eyes, only the wait time for surgery on the first eye is included in the wait time calculations. It also does not include patients who voluntarily delayed their procedure, those who had scheduled follow-up procedure, and those that received emergency surgical care.

The general definition of a percentile is a point on a rank-ordered scale, found by sorting a group of observations* in order of magnitude from lowest to highest. The first percentile approximates the very lowest/bottom number found, while the 100th percentile is the very highest reported. The nth percentile is the point exceeding n per cent of the observations. The 90th percentile wait time is the observed wait time that is equal to or greater than 90 percent of other observations.

*Each observation is the wait time, computed as:

weeks_wait = (treatment date – decision date) ÷ 7

for each AHS record meeting specified inclusion/exclusion criteria, completed on or 365 days prior to the last day of the reporting period for each wait listed cataract surgery case recorded in the Alberta Wait Times Reporting (AWTR) meeting specified inclusion/exclusion criteria.

Decision date is the date that the patient and surgeon decide upon a surgical intervention. If not available, then the date the facility received the service request (booking date) is used. Treatment date is the date the surgical intervention took place.

Time Period of Results Reported is April 1, 2012 to March 31, 2013.

## 4.f Physician utilization of electronic medical records: Percentage of community physicians using the electronic medical record in their clinic

This performance measure quantifies the adoption rate of electronic medical record (EMR) technology into physician practices.

Numerator: The number of community physicians enrolled in POSP using an EMR in their clinic.

Denominator: The total number of community physicians that are potentially eligible to be enrolled in POSP.

Calculation of Results:

1. Numerator:
    - a) The number of POSP grant-funded physicians that were using an EMR plus the total number of physicians who have implemented an EMR from a qualified vendor (achieved Milestone 3/Go-Live).
    - b) Note: POSP has changed from grant funding to invoice-based reimbursement. Going forward, the assumption will be that physicians who received grant funding will continue to use EMRs unless POSP is notified otherwise. This assumption is substantiated with periodic reviews by POSP.
2. Denominator:
    - a) An extract from the AMA database provides all members and staff positions. Staff, non-physicians and deceased members are removed based on AMA charge codes.
    - b) Physicians who do not have a work or home address in Alberta are removed. The address is contained in the data from the AMA database.
    - c) Non-community based physicians are removed based on:
        - i) Specialty: The specialties are identified as physicians who do not provide primary care to patients in a clinical setting as their point of care is in a hospital or research facility.
        - ii) Lab results: Physicians whose lab results are sent only to an AHS facility or military facility.
    - d) Physicians who have previously engaged with POSP and are known to be working in an academic facility are removed.
    - e) Final denominator value: 4,820 physicians.

Time Period of Results Reported is fiscal year ended March 31, 2013.

## 4.g Generic drug spending in Alberta: Community dispensed percentage of generic prescription drugs in Alberta

This measure is defined as the estimated value of generic manufactured prescription drugs dispensed from Alberta retail pharmacies expressed as a proportion of the total (generic and brand manufactured) estimated value of manufactured drugs dispensed from Alberta retail pharmacies in a calendar year.

*The Canadian CompuScript Audit* measures the number of prescriptions dispensed by Canadian retail pharmacies. Product information is presented according to therapeutic class, and for each product the following data elements are collected: manufacturer, form, strength, new vs. refill prescription, prescription size and price, transaction location, transaction date, MD number (if available), third-party payer (if available), and authorized repeats. The *CompuScript* sample is drawn from IMS Brogan's panel of over 5,900 pharmacies, which represents more than 67% of all retail pharmacies in Canada. The data is collected monthly from a panel of more than 2,100 drug stores distributed proportionately within each of the strata and across the various chain affiliations.

The methodology changes in 2005 have no impact on the data. This is due to the introduction of new *CompuScript* Next Generation (G2) in January 2008 with three years of restated back data (January 2005 forward) maintaining accurate trending.

For totals of generics and totals of brand manufactured drugs, the sampling error for Alberta is around ±3% to ±5% for Total Brand, and ±3% to ±5% for Total Generics. On an individual product basis, the vast majority of brand products (top 300) will have a sampling error of ±5% to ±7.5%, and the top 300 generics will have a sampling error of ±5% to ±7%. The margin of error is higher for generics due to the deals that specific pharmacies/chains will have with companies.

Calculation of Result:

Numerator: The estimated value of generic manufactured prescription drugs dispensed from retail pharmacies in Alberta (includes markups and professional fees).

Denominator: The total (generic and brand manufactured) estimated value of manufactured drugs dispensed from retail pharmacies in Alberta (includes markups and professional fees).

Results are calculated using calendar year data.

## Ministry Expense by Function

The Fiscal Plan documents such as the Budget and quarterly forecasts report on a different basis than the audited Consolidated Ministry Financial Statements in the Annual Report. The Consolidated Ministry Financial Statements include revenue, expenses, assets and liabilities of Crown-Controlled Alberta Health Services and Health Quality Council of Alberta. This section will focus on the results on a fiscal plan basis.

## Expense by Function

(in thousands)

| | 2013 | | 2012 |
|---|---|---|---|
| | **Budget** | **Actual** | **Actual** |
| Health | $ 16,118,442 | $ 16,053,575 | $ 14,967,997 |
| Social Services | 498,079 | 458,548 | 442,948 |
| Housing | 25,303 | 225 | 74,273 |
| Total Expense by Function (Fiscal Plan Basis) | **$ 16,641,824** | **$ 16,512,348** | **$ 15,485,218** |

Over 97 per cent of 2012/2013 Ministry spending supported the health function to ensure that health services were available to all Albertans. Most of the remaining spending was used for Social Services relating to seniors financial assistance programs. Housing expenses supported housing benefits under the Senior Supportive Living program.

The following tables reflect the same scope of reporting as Budget 2012 and the 2012/2013 quarterly fiscal updates and also includes the net impact of SUCH sector entities as a single line item.

## FINANCIAL HIGHLIGHTS

### Revenues

(in thousands)

| | 2013 | | 2012 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Government of Alberta Transfers | $ 25,000 | $ 12,500 | $ 22,481 |
| Federal Transfers | 2,386,861 | 2,394,943 | 2,191,864 |
| Premiums, Fees and Licences | 57,604 | 52,767 | 56,202 |
| Other Revenue | 123,076 | 172,575 | 191,507 |
| Total Revenue (Fiscal Plan Basis) | 2,592,541 | 2,632,785 | 2,462,054 |
| Alberta Health Services and Other Health Sector Entities | | 1,280,855 | 1,667,734 |
| Total Revenue (Ministry Consolidated Financial Statement Basis) | | **$ 3,913,640** | **$ 4,129,788** |

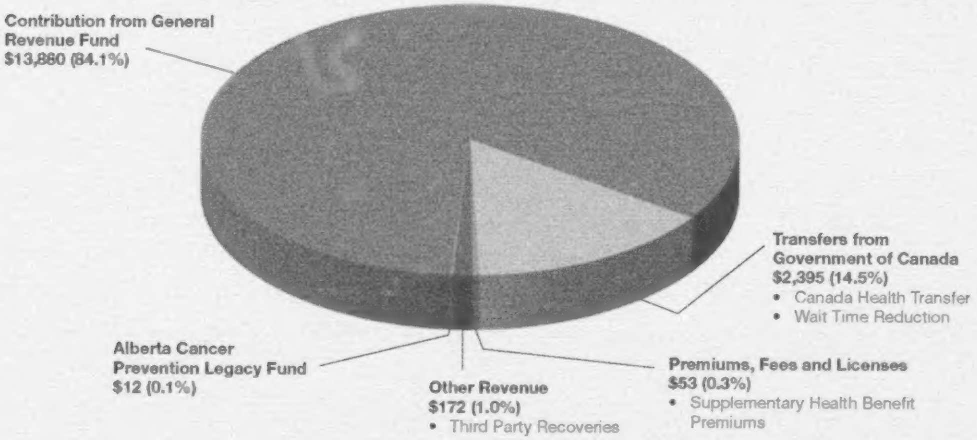
Details on the Ministry's revenues can be found in Schedules 1 and 3 of the Ministry's Consolidated Financial Statements.

Under the Fiscal Plan basis, revenue increased by $171 million from fiscal 2011/2012. The change was due to a $203 million increase from Federal Government transfers primarily for the Canada Health Transfer. Partially offsetting this increase was a $19 million decrease in the return of grant funding related to prior year grant initiatives. Additional $10 million decrease in revenue was due to the application of a prior year surplus against current year funding requirements, resulting in less funding needed from the Alberta Cancer Prevention Legacy Fund. A further $3 million decrease in supplemental Health Benefit Premiums was due to subscribers leaving the benefit plan.

Alberta Health

2012/2013 Funding Sources*

($ Millions)



**Total — $16.5 Billion**

*Funding sources used for total expenses of $16.5 billion includes contribution from the General Revenue Fund.

## Expenses

(in thousands)

|  | 2013 |  | 2012 |
|---|---|---|---|
|  | Budget | Actual | Actual |
| Total Expense (Fiscal Plan Basis) | $ 16,641,824 | $ 16,512,348 | $ 15,485,218 |
| Alberta Health Services and Other Health Sector Entities |  | 1,277,518 | 1,355,185 |
| Total Expense (Ministry Consolidated Financial Statement Basis) |  | **$ 17,789,866** | **$ 16,840,403** |

Details on the Ministry's expenses can be found in Schedules 2 and 3 of the Ministry's Consolidated Financial Statements.

Under the Fiscal Plan basis, spending of $16.5 billion represented a 6.6 per cent increase compared to 2011-2012 fiscal year.

$10.4 billion of the Alberta Health budget was provided to AHS for operational support of the health system and incremental costs for the new health facilities. As part of the government's five year funding commitment, a 6 per cent increase was provided in 2012/2013 to AHS's base operating funding.

Spending on Physician Compensation and Development was over $3.7 billion for items such as physician fee-for-services, specialist on call services, Alternate Relationship Plans, and residency training positions.

Almost $1 billion in Drugs and Supplemental Health Benefits was provided for prescription drugs, ambulance services and other supplemental health benefits for Albertans, primarily for seniors. Included in this amount is spending on items such as cancer therapy drugs and specialized high cost drugs.

In addition to Drug and Supplemental Health Benefits provided to seniors, spending on Seniors Services and Benefits was $588 million for items such as Alberta Seniors Benefits, Seniors Supportive Living, Alberta Aids to Daily Living, Special Needs Assistance, Seniors School Property Tax Assistance, and Seniors Dental and Optical Assistance benefits.

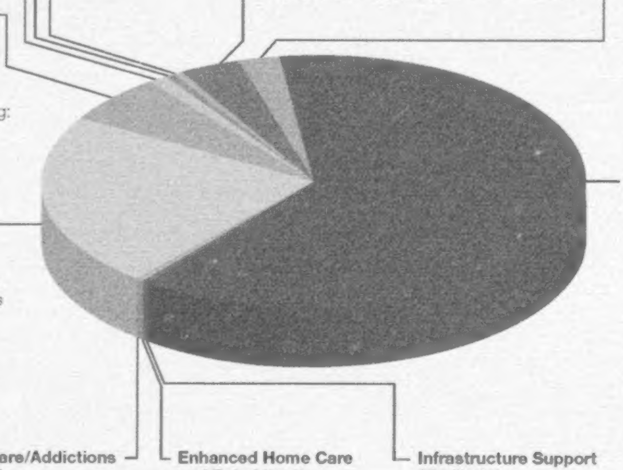
$827 million supported allied health professionals such as oral surgeons, optometrists and podiatrists, vaccination programs, community health services, provision for blood and blood products, health services in correctional facilities, and infrastructure support.

$43 million was provided for continuing expansion of Primary Care Networks, Family Care Clinics, Addiction and Mental Health, and Enhanced Home Care and Rehabilitation services.

Alberta Health

## 2012/2013 Funding Allocation

($ Millions)



**Community Programs and Healthy Living**
**$133 (0.8%)**
- Immunization Support
- Community Agency Grants
- Safe Communities

**Ministry Support Services**
**$77 (0.5%)**

**Seniors Services and Benefits**
**$588 (3.6%)**
Funding for services such as:
- Alberta Seniors Benefits
- Special Needs Assistance
- Seniors Supportive Living
- Seniors School Property Tax Assistance
- Alberta Aids to Daily Living

Note: Other seniors' benefits are under Drugs and Supplemental Health Benefits

**Human Tissue and Blood Services**
**$159 (1.0%)**

**Drugs and Supplemental Health Benefits**
**$993 (6.0%)**
- Cancer Therapy Drugs
- Specialized High Cost Drugs
- Ministry sponsored programs including:
  - Pharmaceuticals
  - Other Benefits Such as Ground Ambulance, Prosthetics and Orthotics

**Physician Compensation and Development**
**$3,702 (22.4%)**
- Physician Compensation and Support
- Academic Alternate Relationship Plans
- Medical Resident Allowances
- Clinical Training and Assessment Support

**Other Programs**
**$384 (2.3%)**
Funding for services such as:
- Out of Province Health Care
- Information Systems
- Allied Health Services
- Cancer Research and Prevention
- Health Services in Correctional Facilities
- Health Quality Council of Alberta
- Protection for Persons in Care

**Alberta Health Services**
**$10,359 (62.7%)**
- Acute, Long Term and Continuing Care
- Public and Community Health
- Mental Health Services
- Cancer Treatment
- Home Care
- Transplants, Cardiac Surgery and Renal Dialysis
- Incremental Operating Costs for South Calgary Health Campus and Kaye Edmonton Clinic

**Primary Health Care/Addictions and Mental Health**
**$18 (0.1%)**
- Primary Care Networks
- Addictions and Mental Health
- Family Care Clinics

**Enhanced Home Care and Rehabilitation**
**$25 (0.2%)**

**Infrastructure Support**
**$74 (0.4%)**
- External Information Systems
- Medical Equipment Replacement and Upgrade Program

**Total — $16.5 Billion**

# Financial Information

## Ministry of Health

## Consolidated Financial Statements

March 31, 2013

# Ministry of Health

## Consolidated Financial Statements

March 31, 2013

# Consolidated Financial Statements
## March 31, 2013

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Schedule 6 - Consolidated Portfolio Investments

AUDITOR
GENERAL
*Alberta*

## Independent Auditor's Report

To the Members of the Legislative Assembly

### Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Health, which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Health as at March 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 7, 2013

Edmonton, Alberta

# Consolidated Statement of Operations

Year Ended March 31, 2013

(in thousands)

| | 2013 | 2012<br>(Restated - Note 3) |
|---|---|---|
| Revenues (Schedule 1) | | |
| Government Transfers | | |
| Government of Alberta Transfers | $ 381,544 | $ 758,544 |
| Federal Transfers | 2,394,943 | 2,191,864 |
| Premiums, Fees and Licences | 504,045 | 507,234 |
| Investment Income | 38,171 | 42,566 |
| Other Revenue | 594,937 | 629,580 |
| | 3,913,640 | 4,129,788 |
| Expenses - Directly Incurred (Note 2b(ii) and Schedules 2,3 & 5) | | |
| Physician Compensation and Development | 3,999,586 | 3,830,547 |
| Drugs and Supplemental Health Benefits | 972,026 | 953,960 |
| Community Programs and Healthy Living | 425,349 | 394,541 |
| Facility Based Patient Services | 4,799,487 | 4,527,980 |
| Care Based Services | 1,495,521 | 1,354,448 |
| Diagnostic,Therapeutic & Other Patient Services | 2,503,743 | 2,356,316 |
| Administration and Support Services | 2,395,835 | 2,169,194 |
| Information Systems | 555,070 | 514,445 |
| Seniors Services and Benefits | 378,764 | 371,257 |
| Others | 264,485 | 367,715 |
| | 17,789,866 | 16,840,403 |
| Net Operating Results | $ (13,876,226) | $ (12,710,615) |

The accompanying notes and schedules are part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at March 31, 2013
(in thousands)

| | 2013 | 2012 (Restated - Note 3) |
|---|---|---|
| ASSETS | | |
| Cash and Cash Equivalents | $ 687,004 | $ 813,229 |
| Portfolio Investments (Schedule 6) | 1,379,841 | 1,537,109 |
| Accounts Receivable (Note 5) | 348,551 | 600,145 |
| Tangible Capital Assets (Note 6) | 7,596,972 | 7,307,340 |
| Inventories | 117,744 | 119,392 |
| Prepaid Expenses | 86,148 | 71,604 |
| | $ 10,216,260 | $ 10,448,819 |
| LIABILITIES | | |
| Accounts Payable and Accrued Liabilities (Note 7) | $ 2,331,106 | $ 2,403,315 |
| Deferred Revenue (Note 8) | 6,169,552 | 453,343 |
| Notes, Debentures and Mortgages (Note 9) | 375,384 | 369,979 |
| | 8,876,042 | 3,226,637 |
| NET ASSETS | | |
| Net Assets at Beginning of Year | 7,222,182 | 6,824,900 |
| Adjustment to Opening Net Assets (Note 4) | (5,574,047) | - |
| Net Operating Results | (13,876,226) | (12,710,615) |
| Net Financing provided from General Revenues | 13,568,309 | 13,107,897 |
| Net Assets at End of Year (Note 12) | 1,340,218 | 7,222,182 |
| | $ 10,216,260 | $ 10,448,819 |

Contractual Obligations and Contingent Liabilities (Notes 10 and 11)

The accompanying notes and schedules are part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

Year Ended March 31, 2013
(in thousands)

| | 2013 | 2012<br>(Restated - Note 3) |
|---|---|---|
| **Operating Transactions** | | |
| Net Operating Results | $ (13,876,226) | $ (12,710,615) |
| Non-cash items: | | |
| Amortization of Tangible Capital Assets and Consumption of Inventories (Schedule 2) | 1,206,705 | 1,097,807 |
| Grants in kind (Note 6) | (293,041) | (495,328) |
| Write-down of Tangible Capital Assets / Inventories | 16,533 | 5,784 |
| Valuation Adjustments and write-downs | 55,059 | 82,201 |
| Bond Amortization and Realized Gain on Investments (net) | 8,098 | 21,871 |
| | (12,882,872) | (11,998,280) |
| Decrease (Increase) in Accounts Receivable | 208,438 | (72,585) |
| (Increase) Decrease in Prepaid Expenses | (14,544) | 1,241 |
| (Decrease) Increase in Accounts Payable and Accrued Liabilities | (76,804) | 112,567 |
| Increase (Decrease) in Deferred Revenue | 134,854 | (219,399) |
| Cash (applied to) Operating Transactions | (12,630,928) | (12,176,456) |
| **Capital Transactions** | | |
| Acquisition of Tangible Capital Assets (Note 6) | (556,045) | (502,822) |
| Purchase of Inventories | (662,136) | (612,911) |
| Cash (applied to) Capital Transactions | (1,218,181) | (1,115,733) |
| **Investing Transactions** | | |
| Purchase of Portfolio Investments | (2,589,186) | (2,980,867) |
| Proceeds on sale of Portfolio Investments | 2,738,356 | 3,436,187 |
| Cash provided by Investing Transactions | 149,170 | 455,320 |
| **Financing Transactions** | | |
| Net Financing provided from General Revenues | 13,568,309 | 13,107,897 |
| Principal payments of Notes, Debentures and Mortgages | (40,384) | (160,320) |
| Proceeds from Notes, Debentures and Mortgages | 45,789 | 194,000 |
| Cash provided by Financing Transactions | 13,573,714 | 13,141,577 |
| (Decrease) Increase in Cash | (126,225) | 304,708 |
| Cash, Beginning of Year | 813,229 | 508,521 |
| Cash, End of Year | $ 687,004 | $ 813,229 |

The accompanying notes and schedules are part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

March 31, 2013

## Note 1 Authority and Purpose

The Minister of Health (Minister) has been designated responsibilities for various Acts by the *Government Organization Act*. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which each organization operates is also listed. Together these organizations form the Ministry of Health (Ministry).

| | |
|---|---|
| Department of Health | *Government Organization Act* |
| Alberta Health Services | *Regional Health Authorities Act* |
| Health Quality Council of Alberta | *Health Quality Council of Alberta Act* |

The purpose of the Ministry is to maintain and improve the health of Albertans by promoting and protecting the health of the population and work toward the prevention of disease and injury, providing increased access to quality health care and improve the efficiency and effectiveness of health care service delivery, work with individuals, families, communities and other government partners to support the well-being and independence of seniors and persons with disabilities. The Ministry is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well-being of the population.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

### (a) Reporting Entity and method of consolidation

The reporting entity is the Ministry of Health, for which the Minister of Health is accountable. These consolidated financial statements include the accounts of the following entities:

Department of Health
Alberta Health Services (AHS)
He[illegible] Quality Council of Alberta (HQCA)

The accounts of the above entities are consolidated on line-by-line basis after adjusting them to a basis consistent with the accounting policies described below. Revenue and expense transactions, capital, and financing transactions, and related asset and liability balances between the consolidated entities have been eliminated.

The threshold for recognizing inter-entity transactions among SUCH (Schools, Universities, Colleges and Hospitals) sector entities and between SUCH sector entities and other government controlled entities is $1,000,000 for particular transaction types and balances. Transactions involving school boards are subject to a $100,000 threshold for particular transaction types and balances.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

### (a) Reporting Entity and method of consolidation (continued)

The Ministry has entered into various partnerships with one or more partners outside the reporting entity to establish Primary Care Networks. The Ministry has also entered into a partnership with the University of Alberta to establish the Northern Alberta Clinical Trials Centre. The Ministry and its partners share, on an equitable basis, the significant risks and benefits associated with operating the partnership. The Ministry's 50 per cent interest in these partnerships are included in these consolidated financial statements under the proportionate consolidation method. The Ministry includes its proportionate share of assets, liabilities, revenues and expenses on a line-by-line basis, after conforming the accounting policies and eliminating its proportionate share of the balances and transactions with the partnerships.

### (b) Basis of Financial Reporting

#### (i) Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided or used for purposes specified by year end is recorded as deferred revenue or included in accounts payable and accrued liabilities.

Investment income earned from restricted sources is deferred and recognized when the stipulations imposed have been met. Gains and losses on investments are not recognized in the Consolidated Statement of Operations until realized.

Government Transfers

Transfers from other Government of Alberta departments and federal government are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the ministry's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the ministry complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the ministry is eligible to receive the funds.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

### (b) Basis of Financial Reporting (continued)

Donations and Non-Government Grants

Donations and non-government grants are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government grants may be unrestricted or externally restricted for operating or capital purposes. Unrestricted donations and non-government grants are recorded as revenue in the year received or receivable. Externally restricted donations, non-government grants, and realized gains and losses for the associated externally restricted investment income are recorded as deferred revenue if the terms for their use, or the terms along with the ministry's actions and communications as to the use, create a liability. These resources are recognized as the terms are met and, when applicable, the ministry complies with its communicated use.

Grants and Donations of or for Land

The ministry recognizes transfers and donations for the purchase of land as a liability when received, and as revenue when the ministry purchases the land. The ministry recognizes in-kind contributions of land as revenue at the fair value of the land. When the ministry cannot determine the fair value, it records such in-kind contributions at a nominal value.

### (ii) Expenses

Directly Incurred

Directly incurred expenses are those costs for which the Ministry has primary responsibility and accountability for.

In addition to program operating expenses such as grants, salaries, supplies etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- consumption of inventories.
- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation and sick pay.

Grants are recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are not recognized and are disclosed in Schedule 4 and 5.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

### (b) Basis of Financial Reporting (continued)

#### (iii) Assets

Cash and cash equivalents comprise of cash on hand and money market securities. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Assets held for sale that are expected to be sold within one year are considered financial assets. They are valued at the lower of cost or expected net realizable value. Cost includes amounts for improvements to prepare the assets for sale.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. The costs of tangible capital assets built on behalf of the Ministry by the Department of Infrastructure are recorded as costs are incurred and work-in-progress reported by the Department of Infrastructure. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Amortization is only charged if the tangible capital asset is in use.

Inventories are valued at the lower of cost and replacement cost. Cost is determined on a first-in, first-out basis.

Portfolio investments are recorded at cost. Gains and losses on investments are recognized when an investment is sold or when there is a permanent impairment in the value of an investment.

#### (iv) Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

#### (v) Foundations

Various foundations have been established under the *Regional Health Authorities Act* (Alberta) for the purpose of raising funds for the benefit of Alberta. Depending on how the foundations are established, the Ministry of Health either controls the foundations or has an economic interest in them. Foundations that are controlled by the Ministry are consolidated in AHS's financial statements.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

### (b) Basis of Financial Reporting (continued)

### (vi) Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the Consolidated Statement of Financial Position in the summary consolidated financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these consolidated financial statements do not report a net debt indicator.

Endowments

Donations and government transfers that must be maintained in perpetuity are recognized as direct increases in endowment net assets when received or receivable. Realized gains and losses attributable to portfolio investments that also must be maintained in perpetuity are also recognized as direct increase in endowment net assets when received or receivable.

### (vii) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

### (viii) Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Measurement uncertainty that is material to these consolidated financial statements exists in the accrual of Canada Health Transfer.

Measurement uncertainty for the Canada Health Transfer relates to the tax transfer component. The current value of income tax points (personal and corporate) transferred historically by the federal government are used to adjust the entitlements. The value of the tax transfer amounts is unknown at year end because the tax years have not been assessed yet. Accordingly, these amounts are estimated and could change by a material amount.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

### (c) Future Accounting Changes

#### (i) PS 3450 Financial Instruments

In June 2011 the Public Sector Accounting Board issued accounting standard PS 3450 on financial instruments effective for fiscal years starting on or after April 1, 2015 for governments. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

The ministry has the option of adopting this standard prior to fiscal year 2015-2016. The ministry will adopt this standard in the same period in which the province makes this adoption.

#### (ii) PS 3260 Liability for Contaminated Sites

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The entity would recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. Management is currently assessing the impact of this adoption in the consolidated financial statements.

## Note 3 Reporting Changes and Prior Period Adjustments

(in thousands)

As a result of restructuring of government ministries announced on May 8, 2012, the Ministry of Seniors was disestablished and certain programs and services were transferred to the Ministry of Health (Order in Council 155/2012). Responsibility for the administration of Cabinet Policy Committee was transferred to Executive Council (Order in Council 155/2012). Responsibility for the administration of Seniors Lodge Assistance and Supportive Living Program Delivery was transferred to the Ministry of Municipal Affairs (Order in Council 235/2012). Comparatives for 2012 have been restated as if the Ministry had always been assigned with its current responsibilities.

Net Liabilities on March 31, 2011 is made up as follows:

| | |
|---|---:|
| Net assets as previously reported | $ 7,006,570 |
| Transfer from the former Ministry of Seniors | (182,445) |
| Transfer to the Ministry of Municipal Affairs | 775 |
| Net assets at March 31, 2011 | $ 6,824,900 |

## Note 4 Net Assets

(in thousands)

Effective April 1, 2012, the Ministry changed its policy for recording capital transfers and restricted capital contributions. Previously, capital transfers and restricted capital contributions were recorded as revenue when the tangible capital assets were acquired or constructed. As a result of this policy change, capital transfers and restricted capital contributions are recorded as deferred revenue upon receipt and recognized as revenue over the useful life of the capital assets based on relevant stipulations by transferring government and restrictions by donors. This policy has been adopted retroactively without restatement of comparatives. As a result, the opening net assets have decreased by $5,574,047.

## Note 5 Accounts Receivable

(in thousands)

| | 2013 | | | 2012 (Restated - Note 3) |
|---|---:|---:|---:|---:|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Accounts Receivable | $ 382,333 | $ (33,782) | $ 348,551 | $ 600,145 |

Accounts receivable are unsecured and non-interest bearing.

## Note 6 Tangible Capital Assets

(in thousands)

| | Land | Buildings [1] | Land Improvements | Equipment | Computer Hardware and Software | Leasehold Assets | Total |
|---|---|---|---|---|---|---|---|
| Estimated Used Life | | 10-40 years | 5-40 years | 2-20 years | 3-10 years | Term of Lease | |
| Historical Cost [2] | | | | | | | |
| Beginning of year | $ 109,429 | $ 8,438,212 | $ 65,471 | $ 1,889,498 | $ 1,327,360 | $ 178,084 | $ 12,008,054 |
| Additions [3] | 15 | 396,923 | 2,170 | 257,105 | 179,616 | 13,257 | 849,086 |
| Disposals, including write-downs | - | (10,379) | - | (55,277) | (32,500) | (264) | (98,420) |
| | 109,444 | 8,824,756 | 67,641 | 2,091,326 | 1,474,476 | 191,077 | 12,758,720 |
| Accumulated Amortization | | | | | | | |
| Beginning of year | - | 2,509,812 | 50,303 | 1,272,728 | 760,097 | 107,774 | 4,700,714 |
| Amortization expense | - | 236,685 | 2,476 | 159,539 | 131,324 | 14,153 | 544,177 |
| Effect of disposals | - | (7,903) | - | (52,475) | (22,501) | (264) | (83,143) |
| | - | 2,738,594 | 52,779 | 1,379,792 | 868,920 | 121,663 | 5,161,748 |
| Net Book Value at March 31, 2013 | $ 109,444 | $ 6,086,162 | $ 14,862 | $ 711,534 | $ 605,556 | $ 69,414 | $ 7,596,972 |
| Net Book Value at March 31, 2012 | $ 109,429 | $ 5,928,400 | $ 15,168 | $ 616,770 | $ 567,263 | $ 70,310 | $ 7,307,340 |

[1] Buildings include parking lots.

[2] Historical cost includes work-in-progress at March 31, 2013 totaling $699,329 (2012 - $2,128,171).

[3] Additions include tangible capital assets at March 31, 2013 totaling $293,041 (2012 - $495,328) transferred from the Ministry of Infrastructure at no cost (grants in kind).

## Note 7 Accounts Payable and Accrued Liabilities
(in thousands)

| | 2013 | 2012<br>(Restated - Note 3) |
|---|---|---|
| Accounts Payable and Accrued Liabilities | $ 1,795,494 | $ 1,879,438 |
| Accrued Vacation and Sick Pay | 535,612 | 523,877 |
| | $ 2,331,106 | $ 2,403,315 |

## Note 8 Deferred Revenue
(in thousands)

| | 2013 | 2012 |
|---|---|---|
| Deferred Contributions | $ 249,120 | $ 254,855 |
| Deferred Capital Contributions | 5,913,351 | 190,533 |
| Unearned Revenue | 7,081 | 7,955 |
| | $ 6,169,552 | $ 453,343 |

## Note 9 Notes, Debentures and Mortgages
(in thousands)

| | 2013 | | | 2012 |
|---|---|---|---|---|
| | Maturity | Interest Rate | Book Value | Book Value |
| Debentures [a] | 2013 to 2032 | 4.23-4.93% | $ 348,709 | $ 335,699 |
| Bank Loan | 2012 | 2.89% | - | 19,000 |
| | | | 348,709 | 354,699 |
| Capital Lease Obligation [b] | January 2028 | 4.34% | 26,675 | 15,280 |
| Total | | | $ 375,384 | $ 369,979 |

[a] The debentures have been issued by AHS to Alberta Capital Finance Authority.

[b] Capital Lease Obligation includes a site lease with the University of Calgary.

## Note 9 Notes, Debentures and Mortgages (continued)
(in thousands)

Principal repayment requirements in each of the next five years and thereafter are as follows:

| | Debentures and Bank Loan | Capital Lease Obligation | Total |
|---|---|---|---|
| 2013-14 | $ 17,249 | $ 5,324 | $ 22,573 |
| 2014-15 | 18,004 | 4,640 | 22,644 |
| 2015-16 | 14,091 | 4,486 | 18,577 |
| 2016-17 | 15,943 | 4,486 | 20,429 |
| 2017-18 | 14,372 | 1,465 | 15,837 |
| Thereafter | 269,050 | 15,381 | 284,431 |
| Less: amount representing interest under leases | - | (9,107) | (9,107) |
| | $ 348,709 | $ 26,675 | $ 375,384 |

## Note 10 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met. As at March 31, 2013, the Ministry has the following contractual obligations:

| | 2013 | 2012<br>(Restated - Note 3) |
|---|---|---|
| Specific Programs Commitments | $ 134,007 | $ 81,098 |
| Capital Contracts | 112,007 | 256,527 |
| Service Contracts and Operating Leases | 427,185 | 317,208 |
| | $ 673,199 | $ 654,833 |

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

| | Specific Programs Commitments | Capital Contracts | Service Contracts and Operating Leases | Total |
|---|---|---|---|---|
| 2014 | $ 67,684 | $ 84,694 | $ 129,054 | $ 281,432 |
| 2015 | 45,234 | 27,259 | 97,250 | 169,743 |
| 2016 | 6,106 | 5 | 43,999 | 50,110 |
| 2017 | 5,333 | 5 | 39,320 | 44,658 |
| 2018 | 4,825 | 5 | 29,496 | 34,326 |
| Thereafter | 4,825 | 39 | 88,066 | 92,930 |
| | $ 134,007 | $ 112,007 | $ 427,185 | $ 673,199 |

## Note 10 Contractual Obligations (continued)

(in thousands)

Canadian Blood Services

The Government of Alberta is committed to provide funding to the Canadian Blood Services (CBS) for the provision of blood services in Canada. This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

Alberta's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products. During the year, payments to CBS amounted to $158,000 (2012 - $151,732).

## Note 11 Contingent Liabilities and Equity Agreements

(in dollars)

Hepatitis C

In June 1999, the Federal, provincial and territorial governments entered into an agreement to provide financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The agreement provided for a total federal, provincial and territorial contribution of $1.1 billion plus interest. Interest is calculated and accrued quarterly on the outstanding balance at a rate equal to the three month Government of Canada Treasury Bill rate for the quarter. In the fiscal year 1999/2000, the Ministry accrued $30 million; representing Alberta's estimated proportionate share of the financial assistance, excluding accrued interest. At March 31, 2013, the outstanding balance, including Alberta's proportionate share of the accrued interest, was $16.2 million (2012-$16.9 million).

Equity Agreements with Voluntary Hospital Owners

The Ministry has a contingent liability for buy-out of equity under Equity Agreements entered into between the Ministry and Voluntary Hospital Owners. The Ministry's payout liability is contingent upon notification by the voluntary hospital owner of termination of the equity agreement. At March 31, 2013, the contingent payout liability upon termination is estimated at $12.8 million (2012 - $12.8 million).

## Note 11 Contingent Liabilities and Equity Agreements (continued)

(in dollars)

Other Contingent Liabilities

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2013, accruals in the amount of $102.8 million (2012: $102.0 million) have been recorded.

The Ministry has been named in 191 (2012: 171) claims of which the outcome is not determinable. Of these claims, 171 (2012: 140) have specified amounts totalling $387.5 million (2012: $282.2 million). The remaining 20 (2012: 31) claims have no amount specified. Included in the total claims, 166 claims totalling $341.6 million (2012: 134 claims totalling $216.6 million) are covered in whole or in part by the Alberta Risk Management Fund or other insurance carriers. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Included in the indeterminable claims is a certified class action where the Government of Alberta has been named as a co-defendant, along with Alberta Health Services, with regard to increased long-term accommodation charges, which were increased by a Cabinet order effective August 1, 2003. The claim amount has not been specified.

Indemnity

As described in Note 10, CBS provides blood services in Alberta. CBS has established two wholly-owned captive insurance corporations, CBS Insurance Company Limited (CBSI) and Canadian Blood Services Captive Insurance Company Limited (CBSE). CBSI provides insurance coverage up to $250.0 million with respect to risks associated with the operation of the blood system.

Effective September 28, 2006, CBSE has entered into an agreement whereby the provinces (except Quebec) and territories guarantee and indemnify the risks of operation of the blood system in the amount of $750.0 million in excess of the $250.0 million provided by the insurance coverage from CBSI. Alberta's pro rata share of the $750.0 million is 13.1 per cent or $98.0 million. Authority for Alberta to provide the indemnity under the CSA is pursuant to section 5.05 of the Indemnity Authorization Regulation 22/1997, under the *Financial Administration Act*.

The expense recognition criterion for the indemnity is notification from CBS that the indemnity is required. At March 31, 2013, no amount has been recognized for this indemnity.

## Note 12 Endowment Funds

(in thousands)

Endowment funds are included in net assets and are represented by financial assets amounting to $65,207 (2012 - $68,740). Donors have placed restrictions on their contributions to the endowment funds. The principal restriction is that the original contribution should not be spent.

## Note 13 Trust Funds under Administration

(in thousands)

Trust funds under administration are funds consisting of public money over which the Legislature has no power of appropriation. Because the Ministry has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements. As at March 31, 2013, trust funds under administration were as follows:

| | 2013 | 2012 |
|---|---|---|
| Research and development, education and others | $ 13,523 | $ 9,308 |

## Note 14 Benefit Plans

(in thousands)

Except as noted below, the Ministry participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP) and Supplementary Executive Retirement Plans (SERPs) for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions.

AHS participate in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense for this plan is equivalent to the annual contributions. AHS also provides defined supplementary executive retirement plans for certain management staff. The cost of these benefits is actuarially determined on an annual basis using the projected benefit method pro-rated on services, the AHS's borrowing rate, and management's best estimate of expected costs and the period of benefit coverage. At March 31, 2013, SERP plans have net accrued benefit liability of $1,635 (2012 – accrued benefit asset of $8,519). The accrued benefit liability is included in accounts payable and accrued liabilities.

In addition, Alberta Health Services also participates in defined contribution plans and Group Registered Retirement Savings Plans (GRRSPs) for certain employee groups.

At December 31, 2012, the Management Employees Pension Plan reported a deficiency of $303,423 (2011 - $517,726), the Public Service Pension Plan reported a deficiency of $1,645,141 (2011 - $1,790,383), the Local Authorities Pension Plan reported a deficiency of $4,977,303 (2011 - $4,639,390) and the Supplementary Retirement Plan for Public Service Managers had a deficiency of $51,870 (2011 - $53,489).

## Note 14 Benefit Plans (continued)

(in thousands)

Ministry's pension expense for the year is as follows:

| | 2013 | 2012<br>(Restated - Note 3) |
|---|---|---|
| Registered Benefit Plans | $ 465,978 | $ 372,569 |
| SERPs | 537 | 3,770 |
| Defined Contribution Plans and GRRSPs | 44,335 | 30,499 |
| Change in actuarial assumption for SERPs | 9,632 | - |
| Expense of transferring PSPP service to LAPP | - | 5,169 |
| | $ 520,482 | $ 412,007 |

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2013, the Bargaining Unit Plan reported an actuarial surplus of $51,717 (2012 - $9,136) and the Management, Opted Out and Excluded Plan reported an actuarial surplus of $18,327 (2012 - $10,454). The expense for these two plans is limited to the employer's annual contributions for the year.

## Note 15 Comparative Figures

Certain 2012 figures have been reclassified to conform to the 2013 presentation.

## Note 16 Subsequent Events

Effective April 1, 2013 the responsibility for the Alberta Innovates - Health Solutions was transferred to the Minister of Health from the Minister of Enterprise and Advanced Education.

## Note 17 Approval of Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2013

## Schedule 1
## Consolidated Revenues

(in thousands)

| | 2013 | 2012 (Restated - Note 3) |
|---|---|---|
| Government of Alberta Transfers | | |
| Transfer from Alberta Cancer Prevention Legacy Fund | $ 12,500 | $ 22,481 |
| Transfer from Other Government Departments | 369,044 | 736,063 |
| | 381,544 | 758,544 |
| Federal Transfers | | |
| Canada Health Transfer | 2,363,732 | 2,155,449 |
| Wait Times Reduction | 27,722 | 27,379 |
| Other Health Transfers | 3,489 | 9,036 |
| | 2,394,943 | 2,191,864 |
| Premiums, Fees and Licences | | |
| Supplementary Health Benefit Premiums | 52,741 | 56,174 |
| Fees and Charges | 451,278 | 451,032 |
| Other | 26 | 28 |
| | 504,045 | 507,234 |
| Investment Income | 38,171 | 42,566 |
| Other Revenue | | |
| Third Party Recoveries | 101,053 | 96,151 |
| Previous years' refunds of expenditure | 23,623 | 39,897 |
| Donations | 143,835 | 175,956 |
| Miscellaneous | 326,426 | 317,576 |
| | 594,937 | 629,580 |
| Total Revenues | $ 3,913,640 | $ 4,129,788 |

# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2013

## Schedule 2

## Consolidated Expenses - Directly Incurred Detailed by Object

(in thousands)

| | 2013 | 2012 |
|---|---|---|
| | | (Restated - Note 3) |
| Grants | $ 5,727,669 | $ 5,623,603 |
| Supplies and Services | 4,034,807 | 3,916,383 |
| Salaries, Wages and Employee Benefits | 6,746,413 | 6,141,969 |
| Amortization of Tangible Capital Assets | 544,177 | 486,919 |
| Consumption of Inventories | 662,528 | 610,888 |
| Financial Transactions and Other | 74,272 | 60,641 |
| | $ 17,789,866 | $ 16,840,403 |

# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2013

## Schedule 3

## Reconciliation of Budget with Actuals

(in thousands)

| | Budget | Actual without SUCH sector | Actual SUCH sector | Adjustments | Actual with SUCH sector |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Government of Alberta Transfers | | | | | |
| Transfer from Alberta Cancer Prevention Legacy Fund | $ 25,000 | $ 12,500 | $ - | $ - | $ 12,500 |
| Transfer from Alberta Health / Other Government Departments | - | - | 11,796,941 | (11,427,897) | 369,044 |
| | 25,000 | 12,500 | 11,796,941 | (11,427,897) | 381,544 |
| Federal Transfers | | | | | |
| Canada Health Transfer | 2,357,510 | 2,363,732 | - | - | 2,363,732 |
| Wait Times Reduction | 27,627 | 27,722 | - | - | 27,722 |
| Other Health Transfers | 1,724 | 3,489 | - | - | 3,489 |
| | 2,386,861 | 2,394,943 | - | - | 2,394,943 |
| Premiums, Fees and Licenses | | | | | |
| Supplementary Health Benefit Premiums | 57,603 | 52,741 | - | - | 52,741 |
| Fees and Charges | - | - | 451,278 | - | 451,278 |
| Other | 1 | 26 | - | - | 26 |
| | 57,604 | 52,767 | 451,278 | - | 504,045 |
| Investment Income | - | - | 35,835 | 2,336 | 38,171 |
| Other Revenue | | | | | |
| Third Party Recoveries | 102,385 | 101,053 | - | - | 101,053 |
| Previous years' refunds of expenditure | - | 43,662 | - | (20,039) | 23,623 |
| Donations | - | - | 143,835 | - | 143,835 |
| Miscellaneous | 20,691 | 27,860 | 295,462 | 3,104 | 326,426 |
| | 123,076 | 172,575 | 439,297 | (16,935) | 594,937 |
| Total Revenues | $ 2,592,541 | $ 2,632,785 | $ 12,723,351 | $ (11,442,496) | $ 3,913,640 |
| **EXPENSES** | | | | | |
| Grants | 16,320,200 | 16,217,817 | 821,306 | (11,311,454) | 5,727,669 |
| Supplies and Services | 150,631 | 116,410 | 3,943,099 | (24,702) | 4,034,807 |
| Salaries, Wages and Employee Benefits | 108,439 | 106,441 | 6,639,974 | (2) | 6,746,413 |
| Amortization of Tangible Capital Assets | 17,152 | 16,170 | 528,007 | - | 544,177 |
| Consumption of Inventories | 43,000 | 40,232 | 622,296 | - | 662,528 |
| Financial Transactions and Other | 2,402 | 15,278 | 58,994 | - | 74,272 |
| Total Expenses | $ 16,641,824 | $ 16,512,348 | $ 12,613,676 | $ (11,336,158) | $ 17,789,866 |

# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2013

## Schedule 4

## Consolidated Related Party Transactions

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's consolidated financial statements. Related parties also include key management personnel in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded in the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | 2013 | 2012<br>(Restated - Note 3) |
|---|---|---|
| Revenues | | |
| Grants - Cancer Fund | $ 12,500 | $ 22,481 |
| - Alberta Infrastructure | 297,889 | 656,250 |
| - Others | 80,787 | 100,658 |
| Other | 8,199 | 3,891 |
| | $ 399,375 | $ 783,280 |
| Expenses - Directly Incurred | | |
| Grants | $ 137,567 | $ 158,631 |
| Other | 146,991 | 147,824 |
| Interest | 13,047 | 9,009 |
| | $ 297,605 | $ 315,464 |
| Receivables | $ 70,662 | $ 105,049 |
| Payables/Deferred Revenue -Alberta Infrastructure | $ 5,645,842 | $ 267,282 |
| -Other Ministries | 36,015 | 33,210 |
| | $ 5,681,857 | $ 300,492 |
| Debt to Related Parties | $ 362,834 | $ 351,692 |
| Contractual Obligations | $ 43,682 | $ 44,870 |

The Ministry receives services under contracts managed by Service Alberta. Any commitments under these contracts are reported by Service Alberta.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements and are disclosed in Schedule 5.

| | 2013 | 2012<br>(Restated - Note 3) |
|---|---|---|
| Expenses - Incurred by Others | | |
| Accommodation | $ 38,320 | $ 40,953 |
| Legal | 3,912 | 3,475 |
| Other | 10,068 | 9,173 |
| | $ 52,300 | $ 53,601 |

# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2013

## Schedule 5

**Consolidated Allocated Costs**

(in thousands)

| | 2013 | | | | | 2012 |
|---|---|---|---|---|---|---|
| | | Expenses - Incurred by Others | | | | (Restated - Note 3) |
| Program | Expenses [1] | Accommodation Costs [2] | Legal Services [3] | Other Cost [4] | Total | Total |
| Physician Compensation and Development | $ 3,999,586 | $ - | $ - | $ - | $ 3,999,586 | $ 3,830,547 |
| Drugs and Supplemental Health Benefits | 972,026 | - | - | - | 972,026 | 953,960 |
| Community Programs and Healthy Living | 425,349 | 202 | - | - | 425,551 | 394,541 |
| Facility Based Patient Care | 4,799,487 | 8,406 | - | - | 4,807,893 | 4,537,967 |
| Care Based Services | 1,495,521 | 9,705 | - | - | 1,505,226 | 1,365,862 |
| Diagnostic, Therapeutic & Other Patient Services | 2,503,743 | - | - | - | 2,503,743 | 2,356,584 |
| Administration & Support Services | 2,395,835 | 20,007 | 3,912 | 10,068 | 2,429,822 | 2,201,126 |
| Information Systems | 555,070 | - | - | - | 555,070 | 514,445 |
| Seniors Services and Benefits | 378,764 | - | - | - | 378,764 | 371,257 |
| Others | 264,485 | - | - | - | 264,485 | 367,715 |
| | $ 17,789,866 | $ 38,320 | $ 3,912 | $ 10,068 | $ 17,842,166 | $ 16,894,004 |

[1] Expenses - Directly Incurred as per Consolidated Statement of Operations.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 4.

[3] Costs shown for Legal Services on Schedule 4.

[4] Other Costs includes services the Ministry receives under contracts managed by Service Alberta shown on Schedule 4.

# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2013

## Schedule 6
## Consolidated Portfolio Investments

(in thousands)

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Book Value | Fair Value | Book Value | Fair Value |
| Interest bearing securities [(a)] | | | | |
| Deposits and short-term securities | $ 63,192 | $ 63,192 | $ 104,044 | $ 104,044 |
| Bonds and mortgages | 1,128,522 | 1,138,744 | 1,339,076 | 1,348,967 |
| | 1,191,714 | 1,201,936 | 1,443,120 | 1,453,011 |
| Equities: | | | | |
| Canadian public equities | 130,962 | 152,056 | 35,527 | 42,449 |
| Global developed public equities | 19,273 | 22,175 | 17,736 | 18,912 |
| Pooled investment funds | 33,300 | 33,828 | 36,386 | 37,534 |
| Others | 4,592 | 5,228 | 4,340 | 4,340 |
| | 188,127 | 213,287 | 93,989 | 103,235 |
| Total | $ 1,379,841 | $ 1,415,223 | $ 1,537,109 | $ 1,556,246 |

(a) Interest-bearing securities reported as at March 31, 2013 have an average effective market yield of 1.79% (2012 – 1.78%) per annum.

| | 2013 | 2012<br>(Restated) |
|---|---|---|
| 1 to 5 years | 81% | 85% |
| 6 to 10 years | 17% | 12% |
| Over 10 years | 2% | 3% |

# Financial Information

## Department of Health

### Financial Statements

March 31, 2013

# Department of Health

## Financial Statements

March 31, 2013

# Financial Statements
# March 31, 2013

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

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Schedule 2 - Credit or Recovery

Schedule 3 - Expenses Directly Incurred Detailed by Object

Schedule 4 - Budget

Schedule 5 - Lapse/Encumbrance

Schedule 6 - Comparison of Actual and Budget

Schedule 7 - Lottery Fund Estimates

Schedule 8 - Salaries and Benefits Disclosure

Schedule 9 - Related Party Transactions

Schedule 10 - Allocated Costs

AUDITOR
GENERAL
*Alberta*

## Independent Auditor's Report

To the Minister of Health

### Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Health, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Health as at March 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 7, 2013

Edmonton, Alberta

## STATEMENT OF OPERATIONS

Year Ended March 31, 2013
(in thousands)

| | 2013 | | 2012 |
|---|---|---|---|
| | Revised Budget (Schedule 4) | Actual | Actual (Restated - Note 3) |
| Revenues (Schedule 1) | | | |
| Government Transfers | | | |
| Government of Alberta Transfers | $ 25,000 | $ 12,500 | $ 22,481 |
| Federal Transfers | 2,386,861 | 2,394,943 | 2,191,864 |
| Premiums, Fees and Licences | 57,604 | 52,767 | 56,202 |
| Other Revenue | 123,076 | 172,575 | 191,507 |
| | 2,592,541 | 2,632,785 | 2,462,054 |
| Expenses - Directly Incurred (Note 2b(ii) and Schedule 10) | | | |
| Program (Schedules 3 and 6) | | | |
| Ministry Support Services | 59,497 | 77,164 | 61,071 |
| Physician Compensation and Development | 3,449,481 | 3,701,900 | 3,537,233 |
| Allied Health Services | 76,488 | 66,911 | 62,290 |
| Human Tissue and Blood Services | 168,902 | 158,742 | 152,303 |
| Drugs and Supplemental Health Benefits | 1,014,950 | 993,285 | 959,794 |
| Community Programs and Healthy Living | 167,047 | 132,555 | 122,541 |
| Support Programs | 227,110 | 188,511 | 162,620 |
| Alberta Health Services Base Operating Funding | 10,212,532 | 10,213,791 | 9,634,221 |
| Alberta Health Services Operating Costs for New Facilities | 262,000 | 145,285 | - |
| Primary Health Care/Addictions and Mental Health | 100,000 | 18,076 | - |
| Information Systems | 134,676 | 114,524 | 90,638 |
| Infrastructure Support | 62,925 | 74,449 | 40,867 |
| Enhanced Home Care and Rehabilitation | 25,000 | 25,000 | - |
| Cancer Research and Prevention Investment | 25,000 | 12,500 | 22,481 |
| Seniors Supportive Living | 5,396 | 3,433 | 3,683 |
| Affordable Supportive Living Initiative | 25,000 | - | 74,000 |
| Support for Seniors Programs | 4,221 | 3,190 | 3,014 |
| Alberta Seniors Benefits | 350,900 | 329,673 | 325,632 |
| Seniors Dental and Optical Assistance | 84,606 | 78,234 | 69,900 |
| Special Needs Assistance and Project Grants for Seniors | 28,485 | 24,678 | 25,615 |
| School Property Tax Assistance | 20,165 | 16,758 | 13,313 |
| Seniors Property Tax Deferral | 1,623 | 1,032 | - |
| Alberta Aids to Daily Living | 132,834 | 130,882 | 121,938 |
| Protection for Persons in Care | 2,986 | 1,775 | 2,064 |
| | 16,641,824 | 16,512,348 | 15,485,218 |
| Net Operating Results | $ (14,049,283) | $ (13,879,563) | $ (13,023,164) |

The accompanying notes and schedules are part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2013
(in thousands)

| | 2013 | 2012<br>(Restated - Note 3) |
|---|---|---|
| ASSETS | | |
| Cash | $ 318 | $ 12,914 |
| Accounts Receivable (Note 5) | 89,487 | 257,218 |
| Tangible Capital Assets (Note 6) | 80,937 | 91,941 |
| Inventories | 24,196 | 22,651 |
| | $ 194,938 | $ 384,724 |
| LIABILITIES | | |
| Accounts Payable and Accrued Liabilities (Note 7) | $ 765,060 | $ 636,683 |
| Deferred Revenue (Note 8) | 30,160 | 7,955 |
| | 795,220 | 644,638 |
| NET LIABILITIES | | |
| Net Liabilities at Beginning of Year | (259,914) | (344,647) |
| Adjustment to Opening Net Assets (Note 4) | (29,114) | - |
| Net Operating Results | (13,879,563) | (13,023,164) |
| Net Financing provided from General Revenues | 13,568,309 | 13,107,897 |
| Net Liabilities at End of Year | (600,282) | (259,914) |
| | $ 194,938 | $ 384,724 |

Contractual Obligations and Contingent Liabilities (Notes 9 and 10)

The accompanying notes and schedules are part of these financial statements.

## STATEMENT OF CASH FLOWS

Year Ended March 31, 2013
(in thousands)

| | 2013 | 2012<br>(Restated - Note 3) |
|---|---|---|
| Operating Transactions | | |
| Net Operating Results | $ (13,879,563) | $ (13,023,164) |
| Non-cash items included in Net Operating Results: | | |
| Amortization of Tangible Capital Assets and Consumption of Inventories | 56,402 | 54,759 |
| Valuation Adjustments and write-downs | 16,763 | 6,075 |
| | (13,806,398) | (12,962,330) |
| Decrease in Accounts Receivable | 163,814 | 26,721 |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities | 126,785 | (95,222) |
| (Decrease) in Deferred Revenue | (6,909) | (8,809) |
| Cash (applied to) Operating Transactions | (13,522,708) | (13,039,640) |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets (Note 6) | (15,166) | (15,688) |
| Purchase of Inventories | (43,031) | (43,993) |
| Cash (applied to) Capital Transactions | (58,197) | (59,681) |
| Financing Transactions | | |
| Net Financing Provided from General Revenues | 13,568,309 | 13,107,897 |
| Increase in Cash | (12,596) | 8,576 |
| Cash, Beginning of Year | 12,914 | 4,338 |
| Cash, End of Year | $ 318 | $ 12,914 |

The accompanying notes and schedules are part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 1 Authority and Purpose

The Department of Health (the Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Department is to maintain and improve the health of Albertans by providing increased access to quality health care, improve the efficiency and effectiveness of health care service delivery, work with individuals, families, communities and other government partners to support the well-being and independence of seniors and persons with disabilities, and set policy and direction to lead, achieve and sustain a responsive, integrated and accountable health system.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

### (a) Reporting Entity

The reporting entity is the Department of Health, which is part of the Ministry of Health and for which the Minister of Health is accountable.

Other entities reporting to the Minister are Alberta Health Services (AHS) and its controlled entities, and the Health Quality Council of Alberta (HQCA). The financial results of these organizations are not included in these financial statements.

The Ministry Annual Report provides a comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All Departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of Departments are deposited into the Fund and all cash disbursements made by Departments are paid from the Fund. Net Financing Provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

### (b) Basis of Financial Reporting

### (i) Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government Transfers

Transfers from other Government of Alberta departments and federal governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer or the stipulations together with the department's actions and communications as to the use of transfers create a liability.

Capital Contributions

Restricted capital contributions are recorded as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Credit or Recovery

Credit or recovery initiatives provide a basis for authorizing spending. Credit or recovery is shown in the details of the Government Estimates for a supply vote.

If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Department's credit or recovery initiatives.

### (ii) Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

### (b) Basis of Financial Reporting (continued)

In addition to program operating expenses such as grants, salaries, supplies etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- consumption of inventories.
- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Grants are recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

Incurred by Others

Services contributed by other entities in support of the Department's operations are not recognized and are disclosed in Schedule 9 and Schedule 10.

### (iii) Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to cash and financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Amortization is only charged if the tangible capital asset is in use.

Inventories consist of vaccines and sera for distribution at no cost. Inventories are valued at the lower of cost and replacement cost on a first-in, first-out basis.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

### (b) Basis of Financial Reporting (continued)

#### (iv) Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

#### (v) Net Liabilities

Net liabilities represent the difference between the carrying value of assets held by the Department and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

#### (vi) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

#### (vii) Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Measurement uncertainty that is material to these financial statements exists in the accrual of Canada Health Transfer.

Measurement uncertainty for the Canada Health Transfer relates to the tax transfer component. The current value of income tax points (personal and corporate) transferred historically by the federal government are used to adjust the entitlements. The value of the tax transfer amounts is unknown at year end because the tax years have not been assessed yet. Accordingly, these amounts are estimated and could change by a material amount.

## Note 3 Reporting Changes

(in thousands)

As a result of restructuring of government Departments announced on May 8, 2012, the Department of Seniors was disestablished and certain programs and services were transferred to the Department of Health (Order in Council 155/2012). Responsibility for the administration of Cabinet Policy Committee was transferred to Executive Council (Order in Council 155/2012). Responsibility for the administration of Seniors Lodge Assistance and Supportive Living Program Delivery was transferred to the Department of Municipal Affairs (Order in Council 235/2012). Comparatives for 2012 have been restated as if the Department had always been assigned with its current responsibilities.

Net Liabilities on March 31, 2011 is made up as follows:

| | |
|---|---|
| Net liabilities as previously reported | $ (162,977) |
| Transfer from the former Department of Seniors | (182,445) |
| Transfer to the Department of Municipal Affairs | 775 |
| Net liabilities at March 31, 2011 | $ (344,647) |

## Note 4 Adjustment to Opening Net Assets

(in thousands)

Effective April 1, 2012, the Department changed its policy for recording restricted capital contributions. Previously, restricted capital contributions were recorded as revenue when the tangible capital assets were acquired or constructed. As a result of this policy change, restricted capital contributions are recorded as deferred revenue upon receipt and recognized as revenue over the useful life of the capital assets based on restrictions by donors. This policy has been adopted retroactively without restatement of comparatives. As a result, the opening net assets have decreased by $29,114.

## Note 5 Accounts Receivable

(in thousands)

| | 2013 | | | 2012 (Restated - Note 3) |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Accounts Receivable | $ 75,421 | $ (1,198) | $ 74,223 | $ 239,806 |
| Amounts due from AHS | 15,255 | - | 15,255 | 17,392 |
| Other Receivable | 9 | - | 9 | 20 |
| | $ 90,685 | $ (1,198) | $ 89,487 | $ 257,218 |

Accounts receivable are unsecured and non-interest bearing.

## Note 6 Tangible Capital Assets

(in thousands)

| | Equipment [1] | Computer Hardware and Software | Leasehold Improvement | Total |
|---|---|---|---|---|
| Estimated Useful Life | 10 years | 5 - 10 years | 10 years | |
| Historical Cost [2] | | | | |
| Beginning of year | $ 2,243 | $ 204,310 | $ 71 | $ 206,624 |
| Additions | 278 | 14,888 | - | 15,166 |
| Disposals, including write-downs | - | (32,488) | - | (32,488) |
| | 2,521 | 186,710 | 71 | 189,302 |
| Accumulated Amortization | | | | |
| Beginning of year | $ 1,386 | $ 113,269 | $ 28 | $ 114,683 |
| Amortization expense | 240 | 15,923 | 7 | 16,170 |
| Effect of disposals | - | (22,488) | - | (22,488) |
| | 1,626 | 106,704 | 35 | 108,365 |
| Net Book Value at March 31, 2013 | $ 895 | $ 80,006 | $ 36 | $ 80,937 |
| Net Book Value at March 31, 2012 | $ 857 | $ 91,041 | $ 43 | $ 91,941 |

(1) Equipment includes office equipment and furniture.

(2) Historical cost includes work-in-progress at March 31, 2013 for computer hardware and software totaling $11,572 (2012 - $18,290).

## Note 7 Accounts Payable and Accrued Liabilities

(in thousands)

| | 2013 | 2012 (Restated - Note 3) |
|---|---|---|
| Accounts payable and accrued liabilities | $ 656,309 | $ 548,327 |
| Amounts due to AHS and HQCA | 98,105 | 79,302 |
| Accrued vacation pay | 10,646 | 9,054 |
| | $ 765,060 | $ 636,683 |

## Note 8 Deferred Revenue

(in thousands)

| | |
|---|---|
| Opening Deferred Revenue | $ 7,955 |
| Add: Adjustment to Opening Net Assets | 29,114 |
| Received during the year | 52,528 |
| Less: Recognized as revenue during the year | (59,437) |
| Closing Deferred Revenue | $ 30,160 |

## Note 9 Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Department to others that will become liabilities in the future when the terms of those contracts or agreements are met. As at March 31, 2013, the Department has the following contractual obligations:

| | 2013 | 2012 (Restated - Note 3) |
|---|---|---|
| Specific Programs Commitments | $ 270,246 | $ 266,901 |
| Capital Contracts | 8,676 | 7,473 |
| Service Contracts | 123,935 | 99,919 |
| | $ 402,857 | $ 374,293 |

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

| | Specific Programs Commitments | Capital Contracts | Service Contracts | Total |
|---|---|---|---|---|
| 2014 | $ 116,674 | $ 7,437 | $ 75,345 | $ 199,456 |
| 2015 | 105,497 | 1,185 | 48,091 | 154,773 |
| 2016 | 21,874 | 5 | 499 | 22,378 |
| 2017 | 16,551 | 5 | - | 16,556 |
| 2018 | 4,825 | 5 | - | 4,830 |
| Thereafter | 4,825 | 39 | - | 4,864 |
| | $ 270,246 | $ 8,676 | $ 123,935 | $ 402,857 |

## Note 9 Contractual Obligations (continued)

(in thousands)

Canadian Blood Services

The Government of Alberta is committed to provide funding to Canadian Blood Services (CBS) for the provision of blood services in Alberta. This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

Alberta's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products. During the year, payments to CBS amounted to $158,000 (2012 - $151,732).

## Note 10 Contingent Liabilities and Equity

(in dollars)

Hepatitis C

In June 1999, the Federal, provincial and territorial governments entered into an agreement to provide financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The agreement provided for a total federal, provincial and territorial contribution of $1.1 billion plus interest. Interest is calculated and accrued quarterly on the outstanding balance at a rate equal to the three month Government of Canada Treasury Bill rate for the quarter. In the fiscal year 1999/2000, the Department accrued $30 million; representing Alberta's estimated proportionate share of the financial assistance, excluding accrued interest. At March 31, 2013, the outstanding balance, including Alberta's proportionate share of the accrued interest, was $16.2 million (2012 - $16.9 million).

Equity Agreements with Voluntary Hospital Owners

The Department has a contingent liability for buy-out of equity under Equity Agreements entered into between the Department and Voluntary Hospital Owners. The Department's payout liability is contingent upon notification by the voluntary hospital owner of termination of the equity agreement. At March 31, 2013, the contingent payout liability upon termination is estimated at $12.8 million (2012 - $12.8 million).

Other Contingent Liabilities

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate.

The Department has been named in eighteen claims (2012 – twenty three claims), the outcome of which is not determinable. Of these claims, thirteen have specified amounts totaling $79.2 million (2012 – sixteen claims with a specified amount of $62.6 million). The remaining five claims have no amounts specified (2012 –seven with no amount specified). Included in the total claims, six claims totaling $35.2 million (2012 – five claims totaling $26.7 million) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Included in the indeterminable claims is a certified class action where the Government of Alberta has been named as a co-defendant, along with Alberta Health Services, with regard to increased long-term accommodation charges, which were increased by a Cabinet order effective August 1, 2003. The claim amount has not been specified.

## Note 10 Contingent Liabilities and Equity (continued)

(in dollars)

Indemnity

As described in Note 9, CBS provides blood services in Alberta. CBS has established two wholly-owned captive insurance corporations, CBS Insurance Company Limited (CBSI) and Canadian Blood Services Captive Insurance Company Limited (CBSE). CBSI provides insurance coverage up to $250.0 million with respect to risks associated with the operation of the blood system.

Effective September 28, 2006, CBSE has entered into an agreement whereby the provinces (except Quebec) and territories guarantee and indemnify the risks of operation of the blood system in the amount of $750.0 million in excess of the $250.0 million provided by the insurance coverage from CBSI. Alberta's pro rata share of the $750.0 million is 13.1% or $98.0 million. Authority for Alberta to provide the indemnity under the CSA is pursuant to section 5.05 of the Indemnity Authorization Regulation 22/1997, under the *Financial Administration Act*.

The expense recognition criterion for the indemnity is notification from CBS that the indemnity is required. At March 31, 2013, no amount has been recognized for this indemnity.

## Note 11 Payments under Reciprocal and Other Agreements

(in thousands)

The Department entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial and Territorial Governments, the Royal Canadian Mounted Police, Health Canada and the Workers' Compensation Board to provide health services on their behalf. The Department pays service providers for services rendered under the agreements and recovers the amount paid from the program sponsors. Service providers include Alberta Health Services and physicians. Costs under these agreements are incurred by the Department under authority in section 25 of the *Financial Administration Act*.

Accounts receivable under agreements with program sponsors as at March 31, 2013 is $52,859 (2012- $39,154).

## Note 12 Benefit Plans

(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $12,056 for the year ended March 31, 2013 (2012 - $10,166). The Department is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2012, the Management Employees Pension Plan reported a deficiency of $303,423 (2011 - $517,726), the Public Service Pension Plan reported a deficiency of $1,645,141 (2011 - $1,790,383) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $51,870 (2011 - $53,489).

## Note 12 Benefit Plans (continued)

(in thousands)

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2013, the Bargaining Unit Plan reported an actuarial surplus of $51,717 (2012 - $9,136) and the Management, Opted Out and Excluded Plan reported an actuarial surplus of $18,327 (2012 - $10,454). The expense for these two plans is limited to the employer's annual contributions for the year.

## Note 13 Comparative Figures

Certain 2012 figures have been reclassified to conform to the 2013 presentation.

## Note 14 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 1

**Revenues**

(in thousands)

| | 2013 | | 2012 |
|---|---|---|---|
| | Budget (Schedule 4) | Actual | Actual (Restated - Note 3) |
| Government of Alberta Transfers | | | |
| Transfer from Alberta Cancer Prevention Legacy Fund | $ 25,000 | $ 12,500 | $ 22,481 |
| Federal Transfers | | | |
| Canada Health Transfer | 2,357,510 | 2,363,732 | 2,155,449 |
| Wait Times Reduction | 27,627 | 27,722 | 27,379 |
| Other Health Transfers | 1,724 | 3,489 | 9,036 |
| | 2,386,861 | 2,394,943 | 2,191,864 |
| Premiums, Fees and Licenses | | | |
| Supplementary Health Benefit Premiums | 57,603 | 52,741 | 56,174 |
| Other | 1 | 26 | 28 |
| | 57,604 | 52,767 | 56,202 |
| Other Revenue | | | |
| Third Party Recoveries | 102,385 | 101,053 | 96,151 |
| Previous years' refunds of expenditure | - | 43,662 | 70,320 |
| Miscellaneous | 20,691 | 27,860 | 25,036 |
| | 123,076 | 172,575 | 191,507 |
| Total Revenue | $ 2,592,541 | $ 2,632,785 | $ 2,462,054 |

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 2

## Credit or Recovery

(in thousands)

| | 2013 | | |
|---|---|---|---|
| | Authorized | Actual [a] | (Shortfall) / Excess |
| Support Programs | | | |
| Other Support Programs [b] | $ 647 | $ 647 | $ - |
| | $ 647 | $ 647 | $ - |

(a) Revenues from credit or recovery initiatives are included in the Department's revenues in the Statement of Operations.

(b) The Department receives funding from Health Canada to enhance existing health services to persons with chronic Hepatitis C virus infection.

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 3

**Expenses - Directly Incurred Detailed by Object**

(in thousands)

| | 2013 | | 2012 |
|---|---|---|---|
| | Budget | Actual | Actual (Restated - Note 3) |
| Grants | $ 16,320,200 | $ 16,217,817 | $ 15,229,952 |
| Supplies and Services | 150,631 | 116,410 | 100,023 |
| Salaries, Wages and Employee Benefits | 108,439 | 106,441 | 93,895 |
| Amortization of Tangible Capital Assets | 17,152 | 16,170 | 15,146 |
| Consumption of Inventories | 43,000 | 40,232 | 39,613 |
| Other | 2,402 | 15,278 | 6,589 |
| | $ 16,641,824 | $ 16,512,348 | $ 15,485,218 |

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 4

**Budget**
(in thousands)

| | 2012 - 2013 Estimate [a] | Adjustment to Conform to Accounting Policy [b] | Revised Estimates | Adjustment [c] | 2012 - 2013 Budget [d] | Supplementary Estimate | 2012 - 2013 Authorized Budget |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| Government of Alberta Transfers | $ 25,000 | $ - | $ 25,000 | $ - | $ 25,000 | $ - | $ 25,000 |
| Federal Transfers | 2,386,861 | - | 2,386,861 | - | 2,386,861 | - | 2,386,861 |
| Premiums, Fees and Licences | 57,604 | - | 57,604 | - | 57,604 | - | 57,604 |
| Other Revenue | 117,040 | 6,036 | 123,076 | - | 123,076 | - | 123,076 |
| | 2,586,505 | 6,036 | 2,592,541 | - | 2,592,541 | - | 2,592,541 |
| Expenses - Directly Incurred: | | | | | | | |
| Programs | | | | | | | |
| Ministry Support Services | 59,497 | - | 59,497 | - | 59,497 | - | 59,497 |
| Physician Compensation and Development | 3,449,481 | - | 3,449,481 | - | 3,449,481 | - | 3,449,481 |
| Allied Health Services | 76,488 | - | 76,488 | - | 76,488 | - | 76,488 |
| Human Tissue and Blood Services | 168,902 | - | 168,902 | - | 168,902 | - | 168,902 |
| Drugs and Supplemental Health Benefits | 1,014,950 | - | 1,014,950 | - | 1,014,950 | - | 1,014,950 |
| Community Programs and Healthy Living | 167,047 | - | 167,047 | - | 167,047 | - | 167,047 |
| Support Programs | 227,110 | - | 227,110 | - | 227,110 | - | 227,110 |
| Alberta Health Services Base Operating Funding | 10,212,532 | - | 10,212,532 | - | 10,212,532 | - | 10,212,532 |
| Alberta Health Services Operating Costs for New Facilities | 267,000 | - | 267,000 | (5,000) | 262,000 | - | 262,000 |
| Primary Health Care/Addictions & Mental Health | 100,000 | - | 100,000 | - | 100,000 | - | 100,000 |
| Information Systems | 134,676 | - | 134,676 | - | 134,676 | - | 134,676 |
| Infrastructure Support | 57,925 | - | 57,925 | 5,000 | 62,925 | - | 62,925 |
| Enhanced Home Care and Rehabilitation | 25,000 | - | 25,000 | - | 25,000 | - | 25,000 |
| Cancer Research & Prevention Investment | 25,000 | - | 25,000 | - | 25,000 | - | 25,000 |

# Schedule to Financial Statements
Year Ended March 31, 2013

## SCHEDULE 4 (continued)

**Budget**
(in thousands)

| | 2012 - 2013 Estimate [a] | Adjustment to Conform to Accounting Policy [b] | Revised Estimates | Adjustment [c] | 2012 - 2013 Budget [d] | Supplementary Estimate | 2012 - 2013 Authorized Budget |
|---|---|---|---|---|---|---|---|
| Seniors Supportive Living | 5,396 | - | 5,396 | - | 5,396 | - | 5,396 |
| Affordable Supportive Living Initiative | 25,000 | - | 25,000 | - | 25,000 | - | 25,000 |
| Support for Seniors Programs | 4,221 | - | 4,221 | - | 4,221 | - | 4,221 |
| Alberta Seniors Benefit | 350,900 | - | 350,900 | - | 350,900 | - | 350,900 |
| Seniors Dental and Optical Assistance | 84,606 | - | 84,606 | - | 84,606 | - | 84,606 |
| Special Needs Assistance and Project Grants for Seniors | 28,485 | - | 28,485 | - | 28,485 | - | 28,485 |
| School Property Tax Assistance | 20,165 | - | 20,165 | - | 20,165 | - | 20,165 |
| Seniors Property Tax Deferral | 1,623 | - | 1,623 | - | 1,623 | - | 1,623 |
| Alberta Aids to Daily Living | 132,834 | - | 132,834 | - | 132,834 | - | 132,834 |
| Protection for Persons in Care | 2,986 | - | 2,986 | - | 2,986 | - | 2,986 |
| | 16,641,824 | - | 16,641,824 | - | 16,641,824 | - | 16,641,824 |
| Net Operating Results | $(14,055,319) | $ 6,036 | $(14,049,283) | $ - | $(14,049,283) | $ - | $(14,049,283) |
| Capital Investment | $ 77,386 | $ - | $ 77,386 | $ (160) | $ 77,226 | $ - | $ 77,226 |

[a] The Estimate was restated to reflect the government reorganization on May 8, 2012 (Order in Council 155/2012 and 235/2012). The Department of Seniors was disestablished and certain programs and services were transferred to the Department of Health. Responsibility for the administration of Cabinet Policy Committee on Public Health Safety was transferred to the President of the Executive Council. Responsibility for the adminstration of Seniors Lodge Assistance and Supportive Living Program Delivery was transferred to the Department of Municipal Affairs.

[b] Adjustment in accordance with PS1201.133 to conform fiscal plan numbers to the accounting policy change adopted for restricted capital contributions.

[c] Adjustments include encumbrances, credit or recovery increases approved by Ministry of Treasury Board and Finance and credit or recovery shortfalls. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* .

[d] Budget includes voted expense by program and amounts not required to be voted.

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 5

**Lapse/Encumberance**

(in thousands)

| **Program Operating** | Voted Estimate | Adjustments (a) | Supplementary Estimate | Adjusted Voted Estimate | Actuals (b) | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **1 Ministry Support Services** | | | | | | |
| 1.1 Minister's Office | $ 1,010 | $ - | $ - | $ 1,010 | $ 789 | $ 221 |
| 1.2 Associate Minister's Office | - | - | - | - | 429 | (429) |
| 1.3 Deputy Minister's Office | 1,238 | - | - | 1,238 | 877 | 361 |
| 1.4 Communications | 2,874 | - | - | 2,874 | 2,561 | 313 |
| 1.5 Strategic Corporate Support | 37,924 | - | - | 37,924 | 48,509 | (10,585) |
| 1.6 Policy Development and Strategic Support | 13,613 | - | - | 13,613 | 20,709 | (7,096) |
| 1.7 Health Facilities Review Committee | 944 | - | - | 944 | 620 | 324 |
| 1.8 Mental Health Patient Advocate Office | 985 | - | - | 985 | 834 | 151 |
| 1.9 Health Advocate Office | 700 | - | - | 700 | - | 700 |
| **Sub-Total** | 59,288 | - | - | 59,288 | 75,328 | (16,040) |
| **2 Physician Compensation and Development** | | | | | | |
| 2.1 Program Support | 9,532 | - | - | 9,532 | 12,160 | (2,628) |
| 2.2 Physician Compensation and Support | 3,188,329 | - | - | 3,188,329 | 3,431,330 | (243,001) |
| 2.3 Academic Alternate Relationship Plans | 104,641 | - | - | 104,641 | 116,958 | (12,317) |
| 2.4 Medical Resident Allowances | 111,970 | - | - | 111,970 | 107,114 | 4,856 |
| 2.5 Clinical Training and Assessment Support | 35,009 | - | - | 35,009 | 33,984 | 1,025 |
| **Sub-Total** | 3,449,481 | - | - | 3,449,481 | 3,701,546 | (252,065) |
| **3 Allied Health Services** | 76,488 | - | - | 76,488 | 66,911 | 9,577 |

## Schedule to Financial Statements

Year Ended March 31, 2013

### SCHEDULE 5 (continued)

**Lapse/Encumberance**
(in thousands)

| Program Operating | Voted Estimate | Adjustments (a) | Supplementary Estimate | Adjusted Voted Estimate | Actuals (b) | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **4 Human Tissue and Blood Services** | $ 168,902 | $ - | $ - | $ 168,902 | $ 158,742 | $ 10,160 |
| **5 Drugs and Supplemental Health Benefits** | | | | | | |
| 5.1 Program Support | 2,158 | - | - | 2,158 | 2,324 | (166) |
| 5.2 Outpatient Cancer Therapy Drugs | 124,100 | - | - | 124,100 | 129,779 | (5,679) |
| 5.3 Outpatient Specialized High Cost Drugs | 78,300 | - | - | 78,300 | 78,248 | 52 |
| 5.4 Seniors Drug Benefits | 552,023 | - | - | 552,023 | 526,949 | 25,074 |
| 5.5 Seniors Supplemental Health Benefits | 26,574 | - | - | 26,574 | 36,746 | (10,172) |
| 5.6 Non-Group Drug Benefits | 172,248 | - | - | 172,248 | 176,822 | (4,574) |
| 5.7 Non-Group Supplemental Health Benefits | 1,715 | - | - | 1,715 | 864 | 851 |
| 5.8 Pharmaceutical Innovation and Management | 57,832 | - | - | 57,832 | 40,651 | 17,181 |
| **Sub-Total** | 1,014,950 | - | - | 1,014,950 | 992,383 | 22,567 |
| **6 Community Programs and Healthy Living** | | | | | | |
| 6.1 Program Support | 18,444 | - | - | 18,444 | 18,814 | (370) |
| 6.2 Immunization Support | 6,190 | - | - | 6,190 | 3,133 | 3,057 |
| 6.3 Community-Based Health Services | 57,325 | - | - | 57,325 | 39,074 | 18,251 |
| 6.4 Safe Communities | 42,088 | - | - | 42,088 | 30,072 | 12,016 |
| **Sub-Total** | 124,047 | - | - | 124,047 | 91,093 | 32,954 |

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 5 (continued)

**Lapse/Encumberance**
(in thousands)

| **Program Operating** | Voted Estimate | Adjustments [(a)] | Supplementary Estimate | Adjusted Voted Estimate | Actuals [(b)] | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **7 Support Programs** | | | | | | |
| 7.1 Program Support | $ 11,534 | $ - | $ - | $ 11,534 | $ 9,717 | $ 1,817 |
| 7.2 Out-of-Province Health Care Services | 135,635 | - | - | 135,635 | 114,965 | 20,670 |
| 7.3 Health Services Research | - | - | - | - | - | - |
| 7.4 Continuing Care Initiatives | 9,400 | - | - | 9,400 | 6,400 | 3,000 |
| 7.5 Health Services provided in Correctional Facilities | 33,889 | - | - | 33,889 | 22,000 | 11,889 |
| 7.6 Health Quality Council of Alberta | 6,959 | - | - | 6,959 | 6,900 | 59 |
| 7.7 Other Support Programs | 27,693 | - | - | 27,693 | 26,051 | 1,642 |
| **Sub-Total** | 225,110 | - | - | 225,110 | 186,033 | 39,077 |
| **8 Alberta Health Services** | | | | | | |
| 8.1 Acute Care Services | 3,914,000 | - | - | 3,914,000 | 3,914,000 | - |
| 8.2 Facility and Home-Based Continuing Care Services | 1,139,000 | - | - | 1,139,000 | 1,139,000 | - |
| 8.3 Community and Population Health Services | 970,254 | - | - | 970,254 | 971,513 | (1,259) |
| 8.4 Diagnostic and Therapeutic Services | 1,755,000 | - | - | 1,755,000 | 1,755,000 | - |
| 8.5 Support Services | 2,434,278 | - | - | 2,434,278 | 2,434,278 | - |
| 8.6 Incremental Operating Costs for New Facilities | 267,000 | (5,000) | - | 262,000 | 145,285 | 116,715 |
| **Sub-Total** | 10,479,532 | (5,000) | - | 10,474,532 | 10,359,076 | 115,456 |

# Schedule to Financial Statements

Year Ended March 31, 2013

**SCHEDULE 5 (continued)**

**Lapse/Encumberance**

(in thousands)

| **Program Operating** | Voted Estimate | Adjustments [(a)] | Supplementary Estimate | Adjusted Voted Estimate | Actuals [(b)] | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **9 Primary Health Care / Addictions and Mental Health** | $ 100,000 | $ - | $ - | $ 100,000 | $ 18,076 | $ 81,924 |
| **10 Information Systems** | | | | | | |
| 10.1 Program Support | 24,442 | - | - | 24,442 | 7,293 | 17,149 |
| 10.2 Information Systems | 93,334 | - | - | 93,334 | 81,309 | 12,025 |
| **Sub-Total** | 117,776 | - | - | 117,776 | 88,602 | 29,174 |
| **11 Infrastructure Support** | | | | | | |
| 11.1 Facilities Planning | 5,400 | 5,000 | - | 10,400 | - | 10,400 |
| 11.2 Equipment for Cancer Corridor Projects | 6,425 | - | - | 6,425 | 6,425 | - |
| 11.3 External Information Systems | 21,100 | - | - | 21,100 | 18,024 | 3,076 |
| 11.4 Medical Equipment Replacement and Upgrade Program | 25,000 | - | - | 25,000 | 50,000 | (25,000) |
| **Sub-Total** | 57,925 | 5,000 | - | 62,925 | 74,449 | (11,524) |
| **12 Enhanced Home Care and Rehabilitation** | 25,000 | - | - | 25,000 | 25,000 | - |

## Schedule to Financial Statements

Year Ended March 31, 2013

**SCHEDULE 5 (continued)**
**Lapse/Encumberance**
(in thousands)

| **Program Operating** | Voted Estimate | Adjustments (a) | Supplementary Estimate | Adjusted Voted Estimate | Actuals (b) | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **13 Seniors Supportive Living** | | | | | | |
| 13.1 Program Support | $ 82 | $ - | $ - | $ 82 | $ - | $ 82 |
| 13.2 Supportive Living Project Grants | 303 | - | - | 303 | 225 | 78 |
| 13.3 Supportive Living Program Delivery | 5,008 | - | - | 5,008 | 3,208 | 1,800 |
| **Sub-Total** | 5,393 | - | - | 5,393 | 3,433 | 1,960 |
| **14 Affordable Supportive Living Initiative** | 25,000 | - | - | 25,000 | - | 25,000 |
| **15 Support for Seniors Programs** | | | | | | |
| 15.1 Program Support | 1,001 | - | - | 1,001 | 471 | 530 |
| 15.2 Client and Information Services | 1,870 | - | - | 1,870 | 1,658 | 212 |
| 15.3 Seniors Policy and Planning | 1,346 | - | - | 1,346 | 1,061 | 285 |
| **Sub-Total** | 4,217 | - | - | 4,217 | 3,190 | 1,027 |
| **16 Alberta Seniors Benefit** | | | | | | |
| 16.1 Grants | 344,018 | - | - | 344,018 | 323,801 | 20,217 |
| 16.2 Program Delivery | 6,724 | - | - | 6,724 | 5,700 | 1,024 |
| **Sub-Total** | 350,742 | - | - | 350,742 | 329,501 | 21,241 |
| **17 Seniors Dental and Optical Assistance** | | | | | | |
| 17.1 Dental Assistance Grants | 74,055 | - | - | 74,055 | 68,730 | 5,325 |
| 17.2 Optical Assistance Grants | 8,170 | - | - | 8,170 | 7,458 | 712 |
| 17.3 Program Delivery | 2,380 | - | - | 2,380 | 2,046 | 334 |
| **Sub-Total** | 84,605 | - | - | 84,605 | 78,234 | 6,371 |

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 5 (continued)

**Lapse/Encumberance**
(in thousands)

| **Program Operating** | Voted Estimate | Adjustments (a) | Supplementary Estimate | Adjusted Voted Estimate | Actuals (b) | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **18 Special Needs Assistance and Project Grants for Seniors** | | | | | | |
| 18.1 Special Needs Assistance Grants | $ 26,060 | $ - | $ - | $ 26,060 | $ 22,758 | $ 3,302 |
| 18.2 Seniors Project Grants | 1,054 | - | - | 1,054 | 840 | 214 |
| 18.3 Program Delivery | 1,370 | - | - | 1,370 | 1,080 | 290 |
| **Sub-Total** | 28,484 | - | - | 28,484 | 24,678 | 3,806 |
| **19 School Property Tax Assistance** | | | | | | |
| 19.1 Grants | 20,000 | - | - | 20,000 | 16,586 | 3,414 |
| 19.2 Program Delivery | 164 | - | - | 164 | 172 | (8) |
| **Sub-Total** | 20,164 | - | - | 20,164 | 16,758 | 3,406 |
| **20 Seniors Property Tax Deferral** | 1,623 | - | - | 1,623 | 1,032 | 591 |
| **21 Alberta Aids to Daily Living** | | | | | | |
| 21.1 Grants | 127,160 | - | - | 127,160 | 126,371 | 789 |
| 21.2 Program Delivery | 5,666 | - | - | 5,666 | 4,511 | 1,155 |
| **Sub-Total** | 132,826 | - | - | 132,826 | 130,882 | 1,944 |
| **22 Protection for Persons in Care** | 2,981 | - | - | 2,981 | 1,775 | 1,206 |
| **Total** | $ 16,554,534 | $ - | $ - | $ 16,554,534 | $ 16,426,722 | $ 127,812 |
| **Lapse/(Encumberance)** | | | | | | $ 127,812 |

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 5 (continued)

**Lapse/Encumberance**
(in thousands)

| **Program Operating** | Voted Estimate | Adjustments [a] | Supplementary Estimate | Adjusted Voted Estimate | Actuals [b] | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **Program - Capital Investments** | | | | | | |
| 1.4 Communications | $ - | $ - | $ - | $ - | $ 17 | $ (17) |
| 1.5 Strategic Corporate Support | - | - | - | - | 310 | (310) |
| 6.2 Immunization Support | 47,226 | - | - | 47,226 | 43,031 | 4,195 |
| 10.2 Information Systems | 30,000 | - | - | 30,000 | 14,839 | 15,161 |
| 16.2 Program Delivery | 160 | (160) | - | - | - | - |
| **Total** | $ 77,386 | $ (160) | $ - | $ 77,226 | $ 58,197 | $ 19,029 |
| **Lapse/(Encumberance)** | | | | | | $ 19,029 |

---

[a] Adjustments include encumbrances, capital carryforward amounts and credit or recovery increases or shortfalls approved by the President of Treasury Board. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.

[b] Actuals exclude non-voted amounts such as amortization, consumption of inventory, and valuation adjustments.

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 6

**Comparison of Actual and Budget**

(in thousands)

| | Estimate | Actual Voted | Actual Not Voted [a] | Actual Total | Difference |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| **Expense by program** | | | | | |
| Ministry Support Services | $ 59,497 | $ 75,328 | $ 1,836 | $ 77,164 | $ (17,667) |
| Physician Compensation and Development | 3,449,481 | 3,701,546 | 354 | 3,701,900 | (252,419) |
| Allied Health Services | 76,488 | 66,911 | - | 66,911 | 9,577 |
| Human Tissue and Blood Services | 168,902 | 158,742 | - | 158,742 | 10,160 |
| Drugs and Supplemental Health Benefits | 1,014,950 | 992,383 | 902 | 993,285 | 21,665 |
| Community Programs and Healthy Living | 167,047 | 91,093 | 41,462 | 132,555 | 34,492 |
| Support Programs | 227,110 | 186,033 | 2,478 | 188,511 | 38,599 |
| Alberta Health Services Base Operating Funding | 10,212,532 | 10,213,791 | - | 10,213,791 | (1,259) |
| Alberta Health Services Operating Costs for New Facilities | 262,000 | 145,285 | - | 145,285 | 116,715 |
| Primary Health Care/Addictions & Mental Health | 100,000 | 18,076 | - | 18,076 | 81,924 |
| Information Systems | 134,676 | 88,602 | 25,922 | 114,524 | 20,152 |
| Infrastructure Support | 62,925 | 74,449 | - | 74,449 | (11,524) |
| Enhanced Home Care and Rehabilitation | 25,000 | 25,000 | - | 25,000 | - |
| Cancer Research & Prevention Investment | 25,000 | - | 12,500 | 12,500 | 12,500 |
| Seniors Supportive Living | 5,396 | 3,433 | - | 3,433 | 1,963 |
| Affordable Supportive Living Initiative | 25,000 | - | - | - | 25,000 |
| Support for Seniors Programs | 4,221 | 3,190 | - | 3,190 | 1,031 |
| Alberta Seniors Benefit | 350,900 | 329,501 | 172 | 329,673 | 21,227 |
| Seniors Dental and Optical Assistance | 84,606 | 78,234 | - | 78,234 | 6,372 |
| Special Needs Assistance and Project Grants for Seniors | 28,485 | 24,678 | - | 24,678 | 3,807 |
| School Property Tax Assistance | 20,165 | 16,758 | - | 16,758 | 3,407 |
| Seniors Property Tax Deferral | 1,623 | 1,032 | - | 1,032 | 591 |
| Alberta Aids to Daily Living | 132,834 | 130,882 | - | 130,882 | 1,952 |
| Protection for Persons in Care | 2,986 | 1,775 | - | 1,775 | 1,211 |
| | $ 16,641,824 | $ 16,426,722 | $ 85,626 | $ 16,512,348 | $ 129,476 |
| **Expense by fiscal plan category** | | | | | |
| Operating expense | $ 16,493,747 | $ 16,352,273 | $ 29,224 | $ 16,381,497 | $ 112,250 |
| Capital grants and support | 87,925 | 74,449 | - | 74,449 | 13,476 |
| Amortization of Capital assets | 17,152 | - | 16,170 | 16,170 | 982 |
| Consumption of Inventory | 43,000 | - | 40,232 | 40,232 | 2,768 |
| | $ 16,641,824 | $ 16,426,722 | $ 85,626 | $ 16,512,348 | $ 129,476 |
| **Capital Investment by program** | | | | | |
| Immunization Support | $ 47,226 | $ 43,031 | $ - | $ 43,031 | $ 4,195 |
| Information Systems | 30,000 | 14,839 | - | 14,839 | 15,161 |
| Ministry Supports Benefit | - | 327 | - | 327 | (327) |
| Alberta Seniors Benefit | 160 | - | | - | 160 |
| Less: Encumbrance | (160) | - | - | - | (160) |
| | $ 77,226 | $ 58,197 | $ - | $ 58,197 | $ 19,029 |

[a] These amounts are not included in any supply vote either because no cash disbursement is required or because the Legislative Assembly has already provided funding authority pursuant to a statute other than an appropriation act.

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 7

### Lottery Fund Estimates

(in thousands)

| | 2012/2013 Lottery Fund Estimates | 2012/2013 Actual | Unexpended (Over Expended) |
|---|---|---|---|
| Alberta Health Services | | | |
| - Community and Population Health Services | $ 450,000 | $ 450,000 | $ - |
| | $ 450,000 | $ 450,000 | $ - |

The revenue of the Lottery Fund is transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2011-12. Having been transferred to the General Revenue Fund, these monies then become part of the Department's supply vote. This table shows details of the initiatives within the department that are funded by the Lottery Fund and compares it to the actual results.

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 8

## Salary and Benefits Disclosure

(in dollars)

| | 2013 | | | | 2012 (Restated - Note 3) |
|---|---|---|---|---|---|
| | Base Salary (1) | Other Cash Benefits (2) | Other Non-cash Benefits (3) | Total | Total |
| Deputy Minister (4) | $ 306,997 | $ - | $ 95,488 | $ 402,485 | $ 364,092 |
| Chief Delivery Officer (5) | 39,364 | 1,226 | 13,027 | 53,617 | - |
| Chief Strategy Officer (5) | 39,364 | 1,226 | 12,895 | 53,485 | - |
| Executives - Assistant Deputy Ministers | | | | | |
| Family and Population Health (6) | 173,953 | 17,188 | 47,084 | 238,225 | 225,744 |
| Financial and Corporate Services | 220,975 | - | 66,018 | 286,993 | 274,921 |
| Health Benefits and Compliance (6) | 176,145 | - | 48,882 | 225,027 | 239,794 |
| Health Information Technology and Systems (6) | 173,559 | - | 50,576 | 224,135 | 208,100 |
| Health Workforce (6) | 187,774 | - | 53,536 | 241,310 | 252,312 |
| Primary Health Care (7) | 183,847 | 11,086 | 51,888 | 246,821 | 237,240 |
| Strategic Services (6)(8) | 185,954 | - | 54,225 | 240,179 | 62,965 |
| Seniors Services and Continuing Care (9) | 192,152 | - | 56,062 | 248,214 | 263,397 |
| Executives - Other | | | | | |
| Executive Director, Human Resources | 154,038 | - | 44,514 | 198,552 | 195,168 |

**Prepared in accordance with Treasury Board Directive 12/98 as amended**

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts, lump sum payments, and automobile allowance. There were no bonuses paid in 2013.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount is included in other non-cash benefits.

(5) The positions were created during the year and occupied on January 23, 2013.

(6) The position was occupied by two individuals at different times during the year.

(7) The position was occupied by three individuals at different times during the year.

(8) The position was created on December 19, 2011.

(9) This division was transferred to the Department of Health as a result of cabinet restructuring as prescribed by Order in Council 155/2012.

# Schedule to Financial Statements

Year Ended March 31, 2013

## SCHEDULE 9

### Related Party Transactions

(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include management in the department. Entities in the Ministry include AHS and its controlled entities and HQCA.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amounts of consideration agreed upon between the related parties.

| | Entities in the Ministry | | Other Entities | |
|---|---|---|---|---|
| | 2013 | 2012 (Restated - Note 3) | 2013 | 2012 (Restated - Note 3) |
| Revenues | | | | |
| Grants | $ - | $ - | $ 12,500 | $ 22,481 |
| Other | 20,039 | 30,423 | 263 | - |
| | $ 20,039 | $ 30,423 | $ 12,763 | $ 22,481 |
| Expenses - Directly Incurred | | | | |
| Grants [1] | $ 11,311,454 | $ 10,407,814 | $ 137,567 | $ 142,448 |
| Other Services | - | - | 8,674 | 7,687 |
| | $ 11,311,454 | $ 10,407,814 | $ 146,241 | $ 150,135 |
| Receivable from | $ 15,255 | $ 17,392 | $ - | $ - |
| Payable to | $ 98,105 | $ 79,302 | $ 5,235 | $ 1,115 |
| Contractual Obligations | $ 182,369 | $ 187,408 | $ 29,561 | $ 29,589 |

[1] The grants paid to AHS include the amounts that are separately reported on the Statement of Operations.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 10.

| | Entities in the Ministry | | Other Entities | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 (Restated - Note 3) |
| Expenses - Incurred by Others | | | | |
| Accommodation | $ - | $ - | $ 14,739 | $ 13,142 |
| Legal | - | - | 3,912 | 3,475 |
| Other | - | - | 10,068 | 9,173 |
| | $ - | $ - | $ 28,719 | $ 25,790 |

## Schedule to Financial Statements

Year Ended March 31, 2013

**SCHEDULE 10**

**Allocated Costs**

(in thousands)

| | 2013 | | | | | 2012 |
|---|---|---|---|---|---|---|
| | | Expenses - Incurred by Others | | | | (Restated - Note 3) |
| | Expenses (1) | Accommodation Costs (2) | Legal Services (3) | Other Costs (4) | Total | Total |
| Ministry Support Services | $ 77,164 | $ 14,739 | $ 3,912 | $ 10,068 | $ 105,883 | $ 86,861 |
| Physician Compensation and Development | 3,701,900 | - | - | - | 3,701,900 | 3,537,233 |
| Allied Health Services | 66,911 | - | - | - | 66,911 | 62,290 |
| Human Tissue and Blood Services | 158,742 | - | - | - | 158,742 | 152,303 |
| Drugs and Supplemental Health Benefits | 993,285 | - | - | - | 993,285 | 959,794 |
| Community Programs and Healthy Living | 132,555 | - | - | - | 132,555 | 122,541 |
| Support Programs | 188,511 | - | - | - | 188,511 | 162,620 |
| Alberta Health Services Base Operating Funding | 10,213,791 | - | - | - | 10,213,791 | 9,634,221 |
| Alberta Health Services Operating Costs for New Facilities | 145,285 | - | - | - | 145,285 | - |
| Primary Health Care/Addictions & Mental Health | 18,076 | - | - | - | 18,076 | - |
| Information Systems | 114,524 | - | - | - | 114,524 | 90,638 |
| Infrastructure Support | 74,449 | - | - | - | 74,449 | 40,867 |
| Enhanced Home Care and Rehabilitation | 25,000 | - | - | - | 25,000 | - |
| Cancer Research and Prevention Investment | 12,500 | - | - | - | 12,500 | 22,481 |
| Seniors Supportive Living | 3,433 | - | - | - | 3,433 | 3,683 |
| Affordable Suppotive Living Initiative | - | - | - | - | - | 74,000 |
| Support for Seniors Programs | 3,190 | - | - | - | 3,190 | 3,014 |
| Alberta Seniors Benefit | 329,673 | - | - | - | 329,673 | 325,632 |
| Seniors Dental and Optical Assistance | 78,234 | - | - | - | 78,234 | 69,900 |
| Special Needs Assistance and Project Grants for Seniors | 24,678 | - | - | - | 24,678 | 25,615 |
| School Property Tax Assistance | 16,758 | - | - | - | 16,758 | 13,313 |
| Seniors Property Tax Deferral | 1,032 | - | - | - | 1,032 | - |
| Alberta Aids to Daily Living | 130,882 | - | - | - | 130,882 | 121,938 |
| Protection for Persons in Care | 1,775 | - | - | - | 1,775 | 2,064 |
| | $ 16,512,348 | $ 14,739 | $ 3,912 | $ 10,068 | $ 16,541,067 | $ 15,511,008 |

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 9.

(3) Costs shown for Legal Services on Schedule 9.

(4) Other Costs includes services the Department receives under contracts managed by Service Alberta shown on Schedule 9.

# Unaudited Information

## Ministry of Health

# Unaudited Information

STATEMENT OF REMISSIONS, COMPROMISES AND WRITE-OFFS

FOR THE YEAR ENDED MARCH 31, 2013

(UNAUDITED)
(in thousands)

| | | 2013 | 2012 |
|---|---|---|---|
| Compromises | | | |
| | Health Care Insurance Premiums | $ 85 | $ 45 |
| Write-offs | | | |
| | Health Care Insurance Premiums | 1,072 | 2,111 |
| | Medical Claim Recoveries | 1,973 | 2,260 |
| | Seniors ASB | 147 | |
| | Government Sponsored Drug Plan | 901 | |
| | West Nile Virus and Registries | 14 | |
| | Penalties, Interest and Miscellaneous Charges | 35 | 146 |
| Total Remissions, Compromises and Write-offs | | $ 4,227 | $ 4,562 |

The above statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

# Alberta Health Services and Health Quality Council of Alberta Financial Statement Highlights

This section highlights the financial results of Alberta Health Services (AHS) and the Health Quality Council of Alberta (HQCA) for the fiscal year ended March 31, 2013. The financial statements were prepared under Public Sector Accounting Standards and Alberta Health's Financial Directives.

## Alberta Health Services

### Operating Results

- For fiscal 2012/2013 AHS reported a $106 million operating surplus, compared to a prior year surplus of $87 million.
- 2012/2013 expenditures were $12.6 billion, compared to $11.7 billion in the prior year – a 7.7 per cent increase overall, of which 5.1 per cent or $592 million relates to salaries and benefits. Excluding the Board, AHS had 72,255 Full-Time-Equivalents as of March 31, 2013.
- Administration costs in 2012/2013 were $444 million, or 3.5 per cent of total expenditures. This compares to 2011/2012 administration costs of $397 million, or 3.4 per cent of total expenditures.

### Financial Position

- AHS reported tangible capital assets of $7.5 billion at March 31, 2013, up from $7.2 billion in the prior year.
- At March 31, 2013, AHS reported debt of $375 million, an increase of $5 million from the prior year, the majority of which relates to the construction of parkades. AHS is compliant with its authorized borrowing limits.
- At March 31, 2013, AHS reported net assets of $1.2 billion.

## Health Quality Council of Alberta

### Operating Results

- For fiscal 2012/2013 HQCA reported an operating surplus of $1.3 million, compared to a prior year deficit of $430 thousand. The surplus arises not only from hiring delays during the year, but also from increased program funding to enable HQCA to achieve its business plan goals. These goals include patient safety reviews, surveys, and measuring and monitoring activities.
- 2012/2013 expenditures were $6.2 million, compared to $5.6 million in the prior year – a 10.7 per cent increase overall. The majority of the increase relates to salaries and benefits. HQCA employed 20 Full-Time-Equivalents as of March 31, 2013.

### Financial Position

- At March 31, 2013, HQCA reported net assets of $1.7 million, of which $610 thousand is designated for leasehold improvements in the 2013/2014 fiscal year.
- HQCA reported tangible capital assets of $152 thousand at March 31, 2013, compared to $229 thousand in the prior year.
- HQCA has no debt.

TABLE I

## ALBERTA HEALTH SERVICES AND HEALTH QUALITY COUNCIL OF ALBERTA
ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED MARCH 31, 2013

| | ALBERTA HEALTH SERVICES | | HEALTH QUALITY COUNCIL OF ALBERTA | |
|---|---|---|---|---|
| | 2012/2013 ACTUAL | 2011/2012 ACTUAL | 2012/2013 ACTUAL | 2011/2012 ACTUAL |
| I. OPERATING SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE | 0.8% | 0.7% | 17.0% | -8.4% |
| II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES | 3.5% | 3.4% | 36.0% | 37.9% |
| III. TOTAL FTEs *(excludes Board)* | 72,255 | 68,973 | 20 | 19 |

# Financial Information

## Alberta Health Services

### Consolidated Financial Statements

March 31, 2013

Alberta Health
Services

# CONSOLIDATED FINANCIAL STATEMENTS

## MARCH 31, 2013

Alberta Health Services

Management's Responsibility for Financial Reporting

Independent Auditor's Report

Consolidated Statements of Operations

Consolidated Statements of Financial Position

Consolidated Statement of Accumulated Remeasurement Gains and Losses

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedules of Expenses by Object

Schedule 2 – Consolidated Schedules of Salaries and Benefits

Schedule 3 – Consolidated Schedule of Budget

Schedule 4 – Transition to Public Sector Accounting Standards

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the years ended March 31, 2013 and March 31, 2012 are the responsibility of management and have been reviewed and approved by senior management. The consolidated financial statements were prepared in accordance with Canadian Public Sector Accounting Standards and the financial directives issued by Alberta Health, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

Alberta Health Services carries out its responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the consolidated financial statements prepared by management.

*[Original signed by]*

Dr. Chris Eagle
President and Chief Executive Officer
Alberta Health Services

*[Original signed by]*

Deborah Rhodes, CA
Senior Vice President Finance
Alberta Health Services

*[Original signed by]*

Duncan Campbell, CA
Executive Vice President and Chief Financial Officer
Alberta Health Services

June 6, 2013

AUDITOR
GENERAL
*Alberta*

## Independent Auditor's Report

To the Members of the Alberta Health Services Board and
the Minister of Health

### Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Alberta Health Services, which comprise the consolidated statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the consolidated statements of operations and cash flows for the years ended March 31, 2013 and March 31, 2012, and the consolidated statement of accumulated remeasurement gains and losses for the year ended March 31, 2013, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alberta Health Services as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012, and its remeasurement gains and losses for the year ended March 31, 2013 in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 6, 2013

Edmonton, Alberta

## CONSOLIDATED STATEMENTS OF OPERATIONS
## YEARS ENDED MARCH 31

| | 2013 | | 2012 |
|---|---|---|---|
| | Budget<br>(Note 4)<br>(Schedule 3) | Actual | Actual<br>(Note 2)<br>(Schedule 4) |
| Revenue: | | | |
| Alberta Health transfers | | | |
| Base operating grant | $ 10,212,000 | $ 10,213,791 | $ 9,634,221 |
| Other operating grants | 1,164,000 | 1,076,481 | 835,412 |
| Capital grants | 96,000 | 106,688 | 120,522 |
| Other government transfers (Note 5) | 362,000 | 393,135 | 345,761 |
| Fees and charges | 439,000 | 412,038 | 416,385 |
| Ancillary operations | 127,000 | 117,726 | 121,563 |
| Donations, fundraising and non-government grants (Note 6) | 129,000 | 144,067 | 146,504 |
| Investment and other income (Note 7) | 200,000 | 210,677 | 213,691 |
| TOTAL REVENUE | 12,729,000 | 12,674,603 | 11,834,059 |
| Expenses: | | | |
| Inpatient acute nursing services | 2,923,000 | 2,972,309 | 2,760,746 |
| Emergency and other outpatient services | 1,356,000 | 1,406,688 | 1,314,344 |
| Facility-based continuing care services | 971,000 | 887,139 | 866,587 |
| Ambulance services | 415,000 | 409,239 | 394,585 |
| Community-based care | 1,054,000 | 1,007,326 | 913,748 |
| Home care | 496,000 | 507,009 | 452,823 |
| Diagnostic and therapeutic services | 2,148,000 | 2,074,711 | 1,961,249 |
| Promotion, prevention and protection services | 368,000 | 336,863 | 310,963 |
| Research and education | 249,000 | 224,623 | 218,003 |
| Administration (Note 8) | 436,000 | 444,358 | 397,278 |
| Information technology | 480,000 | 454,919 | 435,339 |
| Support services (Note 9) | 1,841,000 | 1,843,028 | 1,721,495 |
| TOTAL EXPENSES (Schedule 1) | 12,737,000 | 12,568,212 | 11,747,160 |
| OPERATING SURPLUS (DEFICIT) | $ (8,000) | 106,391 | 86,899 |
| Accumulated operating surplus, beginning of year | | 971,723 | 884,824 |
| Accumulated operating surplus, end of year (Note 19) | | $ 1,078,114 | $ 971,723 |

*The accompanying notes and schedules are part of these consolidated financial statements.*

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | March 31, 2013<br>Actual | March 31, 2012<br>Actual<br>(Note 2)<br>(Schedule 4) | April 1, 2011<br>Actual<br>(Note 2)<br>(Schedule 4) |
|---|---|---|---|
| Assets: | | | |
| Cash and cash equivalents (Note 11) | $ 684,604 | $ 812,526 | $ 1,124,112 |
| Portfolio investments (Note 12) | 1,415,223 | 1,556,246 | 1,406,046 |
| Accounts receivable (Note 13) | 363,421 | 413,500 | 495,392 |
| Other assets | 12,455 | 38,082 | 16,447 |
| Tangible capital assets (Note 14) | 7,515,882 | 7,215,171 | 6,707,464 |
| Inventories for consumption | 93,548 | 96,740 | 99,097 |
| Prepaid expenses | 86,119 | 59,586 | 59,980 |
| TOTAL ASSETS | $ 10,171,252 | $ 10,191,851 | $ 9,908,538 |
| Liabilities: | | | |
| Accounts payable and accrued liabilities (Note 15) | $ 1,157,924 | $ 1,348,583 | $ 1,284,432 |
| Employee future benefits (Note 16) | 524,827 | 514,515 | 470,966 |
| Deferred revenue (Note 17) | 6,959,575 | 6,905,059 | 6,868,912 |
| Debt (Note 18) | 375,384 | 369,979 | 336,299 |
| TOTAL LIABILITIES | 9,017,710 | 9,138,136 | 8,960,609 |
| Net Assets: | | | |
| Accumulated operating surplus (Note 19) | 1,078,114 | 971,723 | 884,824 |
| Accumulated remeasurement gains and losses | 10,221 | - | - |
| Accumulated unrealized net gains (Note 20) | - | 18,252 | 3,332 |
| Endowments (Note 21) | 65,207 | 63,740 | 59,773 |
| TOTAL NET ASSETS | 1,153,542 | 1,053,715 | 947,929 |
| | $ 10,171,252 | $ 10,191,851 | $ 9,908,538 |

Contractual Obligations and Contingent Liabilities (Note 22)

*The accompanying notes and schedules are part of these consolidated financial statements.*

Approved by the Board of Directors

| | |
|---|---|
| *[Original signed by]* | *[Original signed by]* |
| Stephen H. Lockwood, Q.C.<br>Chair | Don Sieben, MBA, FCA, B Com, DHSA<br>Audit and Finance Committee Chair |

## CONSOLIDATED STATEMENT OF ACCUMULATED REMEASUREMENT GAINS AND LOSSES
## YEAR ENDED MARCH 31

| | 2013 |
|---|---|
| Balance, beginning of year | $ - |
| Adjustment on adoption of the financial instruments standard (Note 2(c)(v)) | 5,272 |
| Unrestricted unrealized net gains on portfolio investments | 6,858 |
| Unrestricted realized net gains on portfolio investments recognized in the Consolidated Statement of Operations | (1,909) |
| Balance, end of year (Note 12) | $ 10,221 |

*The accompanying notes and schedules are part of these consolidated financial statements.*

## CONSOLIDATED STATEMENTS OF CASH FLOWS
## YEARS ENDED MARCH 31

| | 2013 | | 2012 |
|---|---|---|---|
| | Budget (Note 4) (Schedule 3) | Actual | Actual (Note 2) (Schedule 4) |
| Operating transactions: | | | |
| Operating surplus (deficit) | $ (8,000) | $ 106,391 | $ 86,899 |
| Non-cash transactions: | | | |
| Amortization, disposals and write-downs | 521,000 | 533,168 | 474,537 |
| Recognition of expended deferred capital revenue | (374,000) | (375,307) | (342,550) |
| Revenue recognized for acquisition of land | - | (15) | (599) |
| Bond amortization expense | 13,000 | 15,973 | 22,781 |
| Decrease (increase) in: | | | |
| Accounts receivable related to operating transactions | (20,000) | 56,217 | 87,947 |
| Inventories for consumption | (8,000) | 3,192 | 2,357 |
| Other assets | 18,000 | 25,627 | (21,635) |
| Prepaid expenses | - | (26,533) | 394 |
| Increase (decrease) in: | | | |
| Accounts payable and accrued liabilities related to operating transactions | 55,000 | (94,213) | 45,283 |
| Employee future benefits | 52,000 | 10,312 | 43,549 |
| Deferred revenue related to operating transactions | (79,000) | (131,555) | (161,110) |
| Cash provided by operating transactions | 170,000 | 123,257 | 237,853 |
| Capital transactions: | | | |
| Acquisition of tangible capital assets | (556,000) | (527,349) | (486,916) |
| Increase (decrease) in accounts payable and accrued liabilities related to capital transactions | 13,000 | (100,600) | 18,868 |
| Cash applied to capital transactions | (543,000) | (627,949) | (468,048) |
| Investing transactions: | | | |
| Purchase of portfolio investments | (4,310,000) | (2,589,186) | (2,946,407) |
| Proceeds on sale of portfolio investments | 4,522,000 | 2,731,366 | 2,788,346 |
| Cash provided by (applied to) investing transactions | 212,000 | 142,180 | (158,061) |
| Financing transactions: | | | |
| Deferred capital revenue received | 163,000 | 250,962 | 178,503 |
| Deferred capital revenue returned | (107,000) | (128,042) | (15,759) |
| Deferred capital revenue payable transferred from (to) accounts payable and accrued liabilities | 107,000 | 119,754 | (119,754) |
| Proceeds from debt | 32,000 | 32,300 | 194,000 |
| Principal payments on debt | (38,000) | (40,384) | (160,320) |
| Cash provided by financing transactions | 157,000 | 234,590 | 76,670 |
| Net decrease in cash and cash equivalents | (4,000) | (127,922) | (311,586) |
| Cash and cash equivalents, beginning of year | 837,000 | 812,526 | 1,124,112 |
| Cash and cash equivalents, end of year | $ 833,000 | $ 684,604 | $ 812,526 |

*The accompanying notes and schedules are part of these consolidated financial statements.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## MARCH 31, 2013

### Note 1 Authority, Purpose and Operations

Alberta Health Services (AHS) was established under the *Regional Health Authorities Act* (Alberta), effective April 1, 2009, as a result of the amalgamation of 12 formerly separate health entities in Alberta.

Pursuant to the *Regional Health Authorities Act* (Alberta), AHS is responsible in Alberta to:

- promote and protect the health of the population and work toward the prevention of disease and injury;
- assess on an ongoing basis the health needs of the population;
- determine priorities in the provision of health services and allocate resources accordingly;
- ensure reasonable access to quality health services; and
- promote the provision of health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities.

Additionally, AHS is accountable to the Minister of Health (the Minister) for the delivery and operation of the public health system.

The AHS consolidated financial statements include the revenue and expenses associated with its responsibilities. These consolidated financial statements do not reflect the complete costs of provincial health care. For example, the Ministry of Health is responsible for paying most physician fees. For a complete picture of the costs of provincial healthcare, readers should consult the Consolidated Financial Statements of the Government of Alberta.

AHS and its contracted health service providers deliver health services at facilities and sites grouped in the following areas: addiction treatment, community mental health, standalone psychiatric facilities, acute care hospitals, sub-acute care in auxiliary hospitals, long-term care, palliative care, supportive living, cancer care, community ambulatory care centres and urgent care centres.

AHS and its consolidated entities listed in Note 3(a) are exempt from the payment of income taxes under the *Income Tax Act* (Canada).

## Note 2 Transition to Public Sector Accounting Standards

Commencing with the 2012-13 fiscal year, AHS became a first-time adopter of the CICA Public Sector Accounting Standards (PSAS). Prior to 2012-13, AHS followed the recommendations of the Canadian Institute of Chartered Accountants (CICA) Accounting Handbook Part V (CGAAP).

### (a) Impact of Transition

The impact of the conversion on the Consolidated Statements of Operations, Consolidated Statements of Financial Position, Consolidated Statements of Cash Flows and Consolidated Schedules of Expenses by Object are presented in Schedule 4. The key impacts on the adoption of these new standards are as follows:

| | Accumulating Non-Vesting Sick Leave Liability(i) | Controlled Foundations(ii) | Other | Total |
|---|---|---|---|---|
| As at April 1, 2011: | | | | |
| Total assets | $ - | $ 219,693 | $ (6,648) | $ 213,045 |
| Total liabilities | 85,441 | 113,267 | - | 198,708 |
| Total net assets | (85,441) | 106,426 | (6,648) | 14,337 |
| For the year ended March 31, 2012: | | | | |
| Total revenue | $ - | $ 51,699 | $ 599 | $ 52,298 |
| Total expenses | 928 | 53,089 | (4,027) | 49,990 |
| Operating surplus (deficit) | $ (928) | $ (1,390) | $ 4,626 | $ 2,308 |
| Cash provided by (applied to): | | | | |
| Operating transactions | $ - | $ (3,289) | $ 284,641 | $ 281,352 |
| Capital transactions | - | - | - | - |
| Investing transactions | - | 10,030 | (404,947) | (394,917) |
| Financing transactions | - | 7,422 | - | 7,422 |

(i) Accumulating Non-Vesting Sick Leave Liability

Under PSAS, AHS is required, on a retroactive and with restatement basis, to accrue for its liability for accumulating non-vesting sick leave. This liability was actuarially determined as at April 1, 2011 (Note 16(a)).

(ii) Controlled Foundations

Under PSAS, AHS is required, on a retroactive and with restatement basis, to consolidate its controlled foundations.

### (b) Exemptions

PS 2125 permits a first-time adopter to elect certain exemptions in presenting its opening Consolidated Statements of Financial Position. AHS has elected to use the following exemptions:

(i) Retirement and Post-Employment Benefits

Based on PS 3250 – Retirement Benefits and PS 3255 – Post-employment Benefits, Compensated Absences and Termination Benefits, a government organization amortizes actuarial gains and losses to the liability or asset, and the related expense in a systematic and rational manner over the expected average remaining service life of the related employee group or a reasonable future period for plans with no active members. Retroactive application of this approach requires a government organization to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to PSAS into a recognized portion and an unrecognized portion. However, a first-time adopter may elect to recognize all cumulative actuarial gains and losses at the date of transition to PSAS directly in accumulated operating surplus (deficit).

**Note 2** **Transition to Public Sector Accounting Standards (continued)**

Additionally, according to PS 3250 and PS 3255, accrued benefit obligations, post-employment benefits and compensated absences are determined by a government organization by applying a discount rate with reference to its plan asset earnings or with reference to its cost of borrowing. Retroactive application of PS 3250 and PS 3255 requires a government organization to recalculate accrued benefit obligations, post-employment benefits and compensated absences at the time of transition to PSAS. However, a first-time adopter may elect to delay application of PS 3250 and PS 3255 relative to the discount rate used until the date of their next actuarial valuation or within three years of the transition date to PSAS, whichever is sooner.

AHS has elected to use these exemptions and therefore recognized all cumulative unamortized actuarial losses as at April 1, 2011 totaling $6,559 in accumulated operating surplus. Actuarial gains and losses arising after April 1, 2011 are accounted for in accordance with PS 3250 and PS 3255 where AHS will amortize actuarial gains and losses to the liability or asset over the average remaining service life of the related employee group. In addition AHS has elected to apply PS 3250 and PS 3255 relative to the use of the discount rate for the actuarial valuation as at April 1, 2012; the accrued benefit obligation increased by $9,632.

(ii) Business Combinations

PS 2510 – Additional Areas of Consolidation, requires the purchase method to be applied to all business combinations. While the purchase method has been used previously, the details of the purchase method may vary with the accounting framework change. Retroactive application would therefore require a government organization to revisit all prior business combinations to review the identified assets and liabilities, and then assess if the values assigned are in accordance with PS 2510.

AHS has elected to use this exemption and has applied PS 2510 from the date of transition and has therefore excluded from its opening Consolidated Statement of Financial Position any item recognized under previous financial reporting standards that does not qualify for recognition as an asset or liability.

(iii) Tangible Capital Asset Impairment

PS 3150 – Tangible Capital Assets, indicates the conditions for accounting for a write-down of a tangible capital asset. A first-time adopter need not comply with those requirements for write-downs of tangible capital assets that were incurred prior to the date of transition to PSAS. If a first-time adopter uses this exemption, the conditions for a write-down of a tangible capital asset in PS 3150 are applied on a prospective basis from the date of transition.

AHS has elected to use this exemption and therefore adopted PS 3150 on a prospective basis from the date of transition and has not revisited any prior write-downs relative to the new PSAS requirements.

In accordance with the requirements of PS 2125, the accounting policies set out in Note 3 have been consistently applied to all years presented and adjustments resulting from the adoption of the new accounting standards have been applied retroactively with restatement of prior periods excluding cases where the optional exemptions available under PS 2125 have been applied and excluding sections which were released after August 2010 and to which PS 2125 does not apply. AHS's adoption of PSAS standards released after August 2010 is described in Note 2(c).

## Note 2 Transition to Public Sector Accounting Standards (continued)

### (c) Other Considerations

AHS has also adopted the following sections that are effective April 1, 2012. Other than previously stated in this note, there were no transition adjustments required for adopting these sections.

(i) Financial Statement Presentation

PS 1201 – Financial Statement Presentation establishes general reporting principles and standards for the disclosure of information in the consolidated financial statements. This section applies in the period when PS 2601 – Foreign Currency Translation and PS 3450 – Financial Instruments are adopted. AHS has adopted PS 1201 as at April 1, 2012.

(ii) Foreign Currency Translation

PS 2601 – Foreign Currency Translation establishes standards on how to account for and report transactions that are denominated in a foreign currency. Even though this section applies to fiscal periods beginning on or after April 1, 2012, and permits early adoption, the application of this section retroactively is prohibited when an organization applies it in the same period it adopts PSAS for the first time. This section is applied in the period when PS 3450 – Financial Instruments is adopted. AHS has adopted PS 2601 as at April 1, 2012.

(iii) Portfolio Investments

PS 3041 – Portfolio Investments establishes standards on how to account for and report portfolio investments in the consolidated financial statements. This section applies in the period when PS 1201 – Financial Statement Presentation, PS 2601 – Foreign Currency Translation, and PS 3450 – Financial instruments are adopted. AHS has adopted PS 3041 as at April 1, 2012.

(iv) Government Transfers

PS 3410 – Government Transfers deals with how to account for and report government transfers. AHS has adopted this section retroactively with restatement as at April 1, 2012.

(v) Financial Instruments

PS 3450 – Financial Instruments deals with how to account for and report all types of financial instruments including derivatives. Even though the section applies to fiscal periods beginning on or after April 1, 2012, and permits early adoption, the application of this section retroactively is prohibited when an organization applies it in the same period it adopts PSAS for the first time. This section is applied in the period when PS 2601 – Foreign Currency Translation is adopted. AHS has adopted PS 3450 as at April 1, 2012.

## Note 3 Significant Accounting Policies and Reporting Practices

### (a) Basis of Presentation

AHS operates as a Government Not-for-Profit Organization (GNPO). These consolidated financial statements have been prepared in accordance with PSAS and the financial directives issued by Alberta Health (AH).

These financial statements have been prepared on a consolidated basis. The transactions between AHS and the following entities have been eliminated on consolidation.

## Note 3 Significant Accounting Policies and Reporting Practices (continued)

(i) Wholly Owned Subsidiaries

- Calgary Laboratory Services Ltd. (CLS), who provides medical diagnostic services in Calgary and southern Alberta.
- Capital Care Group Inc. (CCGI), who manages continuing care programs and facilities in the Edmonton area.
- Carewest, who manages continuing care programs and facilities in the Calgary area.

(ii) Controlled Foundations

The following are the foundations controlled by AHS as at March 31, 2013:

Alberta Cancer Foundation (ACF)
Bassano and District Health Foundation
Bow Island and District Health Foundation
Brooks and District Health Foundation
Calgary Health Trust (CHT)
Canmore and Area Health Care Foundation
Cardston and District Health Foundation
Claresholm and District Health Foundation
Crowsnest Pass Health Foundation
David Thompson Health Trust
Fort Macleod and District Health Foundation
Fort Saskatchewan Community Hospital Foundation
Grande Cache Hospital Foundation
Grimshaw/Berwyn Hospital Foundation
Jasper Health Care Foundation
Lacombe Hospital and Care Centre Foundation
Medicine Hat and District Health Foundation
Mental Health Foundation
North County Health Foundation
Oyen and District Health Care Foundation
Peace River and District Health Foundation
Ponoka and District Health Foundation
Stettler Health Services Foundation
Strathcona Community Hospital Foundation
Tofield and Area Health Services Foundation
Viking Health Foundation
Vulcan County Health and Wellness Foundation
Windy Slopes Health Foundation

The following foundations are also considered controlled, but are in the process of being wound-up or are considered to be inactive:

Central Peace Hospital Foundation
Lakeland Regional Health Authority
Manning Community Health Centre Foundation
McLennan Community Health Care Foundation
Peace Health Region Foundation
Vermillion and Region Health and Wellness Foundation

(iii) Government Partnerships

AHS uses the proportionate consolidation method to account for its 30% interest in the HUTV Limited Partnership (HUTV) with David Chittick Management Ltd, its 50% interest in the Northern Alberta Clinical Trials Centre (NACTRC) partnership with the University of Alberta, and its 50% interest in the Primary Care Network (PCN) government partnerships with physician groups (Note 24).

AHS has joint control with various physician groups over PCNs. AHS entered into local primary care initiative agreements to jointly manage and operate the delivery of primary care services, to achieve the PCN business plan objectives, and to contract and hold property interests required in the delivery of PCN services.

**Note 3** **Significant Accounting Policies and Reporting Practices (continued)**

The following PCNs are included in these consolidated financial statements:

Alberta Heartland Primary Care Network
Athabasca Primary Care Network
Big Country Primary Care Network
Bonnyville / Aspen Primary Care Network
Bow Valley Primary Care Network
Calgary Foothills Primary Care Network
Calgary Rural Primary Care Network
Calgary West Central Primary Care Network
Camrose Primary Care Network
Chinook Primary Care Network
Cold Lake Primary Care Network
Edmonton North Primary Care Network
Edmonton Oliver Primary Care Network
Edmonton Southside Primary Care Network
Edmonton West Primary Care Network
Grande Prairie Primary Care Network
Highland Primary Care Network
Kalyna Country Primary Care Network
Leduc Beaumont Devon Primary Care Network
Lloydminster Primary Care Network
McLeod River Primary Care Network
Mosaic Primary Care Network
Northwest Primary Care Network
Palliser Primary Care Network
Peace Region Primary Care Network
Provost/Consort Primary Care Network
Red Deer Primary Care Network
Rocky Mountain House Primary Care Network
Sexsmith/Spirit River Primary Care Network
Sherwood Park-Strathcona County Primary Care Network
South Calgary Primary Care Network
St. Albert & Sturgeon Primary Care Network
St. Paul / Aspen Primary Care Network
Vermilion Primary Care Network
Wainwright Primary Care Network
West Peace Primary Care Network
WestView Primary Care Network
Wetaskiwin Primary Care Network
Wolf Creek Primary Care Network
Wood Buffalo Primary Care Network

(iv) Provincial Health Authorities of Alberta Liability and Property Insurance Plan (LPIP)

AHS consolidates its interest in the LPIP. AHS has the majority of representation on the LPIP's governance board and is therefore considered to control the LPIP. The main purpose of the LPIP is to share the risks of general and professional liability to lessen the impact on any one subscriber. The LPIP is exempt from the payment of income tax but is subject to the Alberta provincial premium tax.

(v) Other

These consolidated financial statements include the assets, liabilities and operations of the Queen Elizabeth II Hospital Child Care Centre and the trust funds administered by the Capital Care Charitable Trust.

These consolidated financial statements include the payments to voluntary and private organizations under contract to provide health services in the Province of Alberta (Note 10). Also included are certain tangible capital assets owned by AHS but operated by contacted health service providers. Other operations not funded by AHS and other assets and liabilities of the contracted health service providers are not included in these consolidated financial statements. These consolidated financial statements do not include the Health Benefit Trust of Alberta (HBTA) or trust funds administered on behalf of others (Note 25).

## Note 3 Significant Accounting Policies and Reporting Practices (continued)

### (b) Revenue Recognition

Revenue is recognized in the period in which the transactions or events occur that give rise to the revenue as described below. All revenue is recorded on an accrual basis, except when the accrual cannot be determined within a reasonable degree of certainty or when estimation is impracticable.

(i) Government Grants

Transfers from AH, other governments and other government entities are referred to as government grants.

Government grants are recorded as deferred revenue if the terms for use of the grant, or the terms along with AHS's actions and communications as to the use of the grant, create a liability. These grants are recognized as revenue as the terms are met and, when applicable, AHS complies with its communicated use of the grant.

All other government grants without terms for the use of the grant are recorded and recognized as revenue when AHS is eligible to receive the funds.

(ii) Donations, Fundraising and Non-government Grants

Donations, fundraising, and non-government grants are received from individuals, corporations, and other not-for-profit organizations. Donations, fundraising, and non-government grants may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations, fundraising, and non-government grants are recorded and recognized as revenue in the year received or in the year the funds are committed to AHS if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, fundraising, non-government grants, realized gains and losses, and unrealized gains and losses as at April 1, 2012 (Note 3(d)(i)) for the associated externally restricted investment income are recorded as a liability until the resources are used for their specified purpose or the purpose which AHS has publicly communicated at which time the donations or grants are recognized as revenue.

In-kind donations of services and materials are recorded at fair value when such value can reasonably be determined. While volunteers contribute a significant amount of time each year to assist AHS, the value of their services is not recognized as revenue and expenses in the consolidated financial statements because fair value cannot be reasonably determined.

(iii) Grants and Donations of or for Land

AHS records grants and donations to buy land as a liability when received, and recognizes as revenue when AHS buys the land. AHS recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When AHS cannot determine the fair value, it records such in-kind contributions at nominal value.

(iv) Endowments

Donations, fundraising, government grants and non-government grants that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received or receivable.

All unrealized gains and losses attributable to endowments are recognized as an increase or decrease in deferred revenue.

## Note 3 Significant Accounting Policies and Reporting Practices (continued)

Expendable realized gains and losses attributable to endowments are recognized as increases or decreases in deferred revenue when received or receivable and are subsequently recognized in the Consolidated Statement of Operations when terms of use are met, as stipulated by the donors. Realized investment gains for endowment capital preservation purposes, are recognized as a direct increase in endowment net assets when received or receivable.

(v) Earned Revenue

Earned revenue includes fees and charges, ancillary operations, and other income. Earned revenue is recognized in the period that goods are delivered or services are provided.

(vi) Investment Income

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted grants or donations are recognized in the Consolidated Statement of Accumulated Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Consolidated Statement of Operations except for restricted investment income which is recognized as revenue in the period the related expenses are incurred, or the terms of use are met.

### (c) Expenses

The key elements of AHS's expense recognition policy are:

(i) Directly incurred expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Expenses include grants and transfers under shared cost agreements. Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

(ii) Expenses incurred include contracted health services provided by other entities in support of AHS's responsibilities and operations and are disclosed in Note 10.

## Note 3 Significant Accounting Policies and Reporting Practices (continued)

### (d) Financial Instruments

The following describes the financial instruments accounting policies from April 1, 2012 and prior to April 1, 2012.

#### (i) Financial instruments from April 1, 2012

Effective April 1, 2012 AHS has adopted PS 3450 – Financial Instruments on a prospective basis (Note 2(c)(v)).

The following table identifies AHS's financial assets and liabilities and identifies how they are subsequently measured:

| Financial Assets and Liabilities | Classification | Subsequent Measurement and Recognition |
|---|---|---|
| Cash and cash equivalents and portfolio investments | Fair value | Measured at fair value with changes in fair values recognized in the Consolidated Statement of Accumulated Remeasurement Gains and Losses, accounts payable or deferred revenue until realized at which time the cumulative changes in fair value are recognized in the Consolidated Statements of Operations. |
| Accounts receivable, accounts payable and accrued liabilities and debt | Cost or amortized cost | Measured at amortized cost using the effective interest rate method. |

PS 3450 requires portfolio investments in equity instruments to be recorded under the fair value category and AHS may choose to record other financial assets under the fair value category if there is an investment strategy to evaluate the performance of a group of these financial assets on a fair value basis. AHS has designated money market securities and fixed income securities to the fair value category. The three levels of information that may be used to measure fair value are:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

AHS measures and recognizes embedded derivatives separately from the host contract when the economic characteristics and risk of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value. For the year ended March 31, 2013, AHS has no embedded derivatives that require separation from the host contract.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported as a realized loss.

## Note 3 Significant Accounting Policies and Reporting Practices (continued)

(ii) Financial instruments prior to April 1, 2012

AHS had classified its financial assets and financial liabilities in the preceding years (Schedule 4) as follows:

| Financial Assets and Liabilities | Classification | Subsequent Measurement and Recognition |
|---|---|---|
| Cash and cash equivalents | Held for trading | Measured at fair value with changes in fair value recognized in the Consolidated Statements of Operations. |
| Investments | Available for sale | Measured at fair value with changes in fair value recognized in the Accumulated Net Unrealized Gain (Losses) on Portfolio Investments until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statements of Operations. |
| | Held for trading | Measured at fair value with changes in fair value recognized in the Consolidated Statements of Operations. |
| Accounts receivable, contributions and capital contributions receivable from AH | Loans and receivables | After initial fair value measurement, measured at amortized cost using the effective interest rate method. |
| Accounts payable and accrued liabilities and debt | Other financial liabilities | After initial fair value measurement, measured at amortized cost using the effective interest rate method. |

In the prior year, AHS did not use hedge accounting and was not impacted by the requirements of CICA accounting standard Section 3865 – Hedges. AHS, as a not-for-profit organization, elected to not apply the standards for embedded derivatives in non-financial contracts. In addition, AHS elected not to adopt Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation, and instead continued to disclose financial instruments under 3861 – Financial Instruments Disclosure and Presentation.

When it was determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions was removed and recognized in the Consolidated Statements of Operations even though the financial asset had not been derecognized. Impairment losses recognized in the Consolidated Statements of Operations for a financial instrument classified as available for sale are not reversed.

(iii) Transaction costs associated with the acquisition and disposal of cash and cash equivalents and portfolio investments are expensed as incurred. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

### (e) Inventories For Consumption

Inventories for consumption or distribution at no charge are valued at lower of cost (defined as moving average cost) and current replacement value.

## Note 3 Significant Accounting Policies and Reporting Practices (continued)

### (f) Tangible Capital Assets

Tangible capital assets and work in progress are recorded at cost, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the assets. Cost includes overhead directly attributable to construction and development including interest costs that are directly attributable to the acquisition or construction of the asset. Tangible capital assets and work in progress acquired from other government organizations are recorded at the carrying value of that government organization. Costs incurred by Alberta Infrastructure (AI) to build tangible capital assets on behalf of AHS are recorded by AHS as work in progress and expended deferred capital revenue as AI incurs costs.

The threshold for capitalizing new systems development is $250 and major enhancements is $100.The threshold for all other tangible capital assets is $5. All land is capitalized.

Tangible capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

| | Useful Life |
|---|---|
| Facilities and improvements | 10-40 years |
| Equipment | 2-20 years |
| Information systems | 3-5 years |
| Leased vehicles, facilities and improvements | Term of lease |
| Building service equipment | 5-40 years |
| Land improvements | 5-40 years |

Work in progress, which includes facilities and improvements projects and development of information systems, is not amortized until after a project is complete.

Leases transferring substantially all benefits and risks of capital asset ownership are reported as tangible capital asset acquisitions financed by long-term obligations. These capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of AHS's rate for incremental borrowing or the interest rate implicit in the lease (if known). Note 18(d) provides a schedule of repayments and amount of interest on the leases.

Tangible capital assets are written down when conditions indicate that they no longer contribute to AHS's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statements of Operations. Write-downs are not reversed.

Contributed tangible capital assets are recorded at their fair value on the date of donation. When AHS cannot determine the fair value, in-kind contributions are recorded at a nominal value.

Intangible assets, works of art, historical treasures and collections are not recognized in these consolidated financial statements.

## Note 3 Significant Accounting Policies and Reporting Practices (continued)

### (g) Employee Future Benefits

(i) Registered Benefit Pension Plans

AHS participates in the following registered defined benefit pension plans: the Local Authorities Pension Plan (LAPP) and the Management Employees Pension Plan (MEPP). These multi-employer public sector defined benefit plans provide pensions for participants, based on years of service and final average earnings. Benefits for post-1991 service payable under these plans are limited by the *Income Tax Act* (Canada). The Minister of Treasury Board and Finance is the legal trustee and administrator of the plans. The Department of Treasury Board and Finance accounts for the liabilities for pension obligations as a participating employer for former and current employees in the LAPP and the MEPP for all of the organizations included in the Government of Alberta (GOA) consolidated reporting entity except for government business enterprises. As AHS is included in the GOA consolidated reporting entity AHS follows the standards for defined contribution accounting for these pension plans under PS 3250. Accordingly, the pension expense recorded for these plans in these consolidated financial statements is comprised of the employer contributions that AHS is required to pay for its employees during the fiscal year.

(ii) Other Defined Contribution Pension Plans

AHS sponsors Group Registered Retirement Savings Plans (GRRSPs) for certain employee groups. Under the GRRSPs, AHS matches a certain percentage of any contribution made by plan participants up to certain limits. AHS also sponsors a defined contribution pension plan for certain employee groups where the employee and employer each contribute specified percentages of pensionable earnings.

(iii) Supplemental Executive Retirement Plans (SERPs)

AHS sponsors SERPs which are funded and has three Retirement Compensation Arrangements (RCA) for these plans. These plans cover certain employees and supplement the benefits under AHS's registered plans that are limited by the *Income Tax Act* (Canada). Each plan was closed to new entrants effective April 1, 2009. A majority of the SERPs are final average plans; however, certain participant groups have their benefits determined on a career average basis. Also, some participant groups receive post-retirement indexing similar to the benefits provided under the registered defined benefit pension plans; while others receive non-indexed benefits.

Due to *Income Tax Act* (Canada) requirements, the SERPs are subject to the RCA rules; therefore approximately half the assets are held in a non-interest bearing Refundable Tax Account with the Canada Revenue Agency. The remaining assets of the SERPs are invested in a fixed income portfolio.

The obligations and costs of these benefits are determined annually through an actuarial valuation as at March 31 using the projected benefit method pro-rated on service. Under PSAS, first-time adopters are required to recalculate accrued benefit obligations on a retroactive with restatement basis by applying a discount rate based on plan asset earnings or with reference to its cost of borrowing. However, AHS has elected to use the PSAS first-time adoption exemption that allows AHS to delay application relative to the discount rate. AHS has elected to use a discount rate based on plan asset earnings to recalculate the accrued benefit obligation as at April 1, 2012.

## Note 3 Significant Accounting Policies and Reporting Practices (continued)

The net retirement benefit cost of SERPs reported in these consolidated financial statements is comprised of the retirement benefits expense and the retirement benefits interest expense. The key components of retirement benefits expense include the current period benefit cost, cost of any plan amendments including related net actuarial gains or losses incurred in the period, gains and losses from any plan settlements or curtailments incurred in the period, and amortization of actuarial gains and losses. The retirement benefits interest expense is net of the interest cost on the accrued benefit obligation and the expected return on plan assets. As a result of the transition to PSAS, the cumulative unamortized actuarial gains and losses, unamortized past service costs and unamortized initial obligations as at April 1, 2011 have been recognized and the appropriate adjustment made to accumulated operating surplus. Thereafter, actuarial gains and losses that arise will be accounted for in accordance with PSAS whereby AHS will amortize actuarial gains and losses from the liability or asset over the average remaining service life of the related employee group.

Prior period service costs arising from plan amendments are recognized in the period of the plan amendment. When an employee's accrued benefit obligation is fully discharged, all unrecognized amounts associated with that employee are fully recognized in the net retirement benefit cost in the following year.

In the case of a curtailment event which results in the elimination for a significant number of active employees of the right to earn defined benefits for their future services, a curtailment gain or loss is recorded. Gains and losses determined upon a curtailment are accounted for in the period of the curtailment.

### (iv) Supplemental Pension Plan (SPP)

Subsequent to April 1, 2009, staff who would have been eligible for SERP, are enrolled in a defined contribution SPP. Similar to the SERP, the SPP supplements the benefits under AHS registered plans that are limited by the *Income Tax Act* (Canada). AHS contributes a certain percentage of an eligible employee's pensionable earnings, excluding pay at risk, in excess of the limits of the *Income Tax Act* (Canada). This plan provides participants with an account balance at retirement based on the contributions made to the plan and investment income earned on the contributions based on investment decisions made by the participant.

### (v) Sick Leave Liability

Sick leave benefits accumulate with employee service and are provided by AHS to certain employee groups of AHS, as defined by employment agreements, to cover illness related absences that are outside of short-term and long-term disability coverage. Benefit amounts are determined and accumulate with reference to employees' final earnings at the time they are paid out. The cost of the accumulating non-vesting sick leave benefits is expensed as the benefits are earned.

AHS accrues its liabilities for accumulating non-vesting sick leave benefits but does not record a liability for replenishing sick leave benefits as these are renewed annually and do not represent a long-term liability. The sick leave liability is included in employee future benefits (Note 16) in the Consolidated Statements of Financial Position.

### (vi) Other Benefits

AHS provides its employees with basic life, accidental death and dismemberment, short-term disability, long-term disability, extended health, dental and vision benefits through benefits carriers. AHS fully accrues its obligations for employee non-pension future benefits.

## Note 3 Significant Accounting Policies and Reporting Practices (continued)

### (h) Net Assets

Net assets represent the difference between the carrying value of assets held by AHS and its liabilities.

PSAS requires a "net debt" presentation for the statement of financial position in the summary financial statements of government. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenue required to pay for past transactions and events. AHS operates within the government reporting entity, and does not finance all of its expenditures by independently raising revenue. Accordingly, these consolidated financial statements do not report a net debt indicator.

### (i) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Measurement uncertainty exists when there is a significant variance between the recognized or disclosed amount and another reasonably possible amount. The amounts recorded for amortization of tangible capital assets and recognition of expended deferred capital revenue are based on the estimated useful life of the related assets. The amounts recorded for employee future benefits are based on estimated future cash flows. The provision for unpaid claims, allowance for doubtful accounts and accrued liabilities are subject to significant management estimates and assumptions. These estimates and assumptions are reviewed at least annually. Actual results could differ from the estimates determined by management in these consolidated financial statements, and these differences, which may be material, could require adjustment in subsequent reporting periods.

### (j) Future Accounting Changes

In June 2010 the Public Sector Accounting Board issued PS 3260 – Liability for Contaminated Sites. This accounting standard is effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environment standard. AHS would be required to recognize a liability related to the remediation of such contaminated site subject to certain recognition criteria. Management is currently assessing the impact of this adoption on the consolidated financial statements and cannot provide an estimate of any liability at this time.

## Note 4 Budget

The AHS Health Plan and Business Plan 2012-15, which included the 2012-13 annual budget, was approved by the members of AHS Board (AHS Board) on May 3, 2012. The budget details were presented under CGAAP but included a reconciliation for PSAS transition adjustments. Schedule 3 demonstrates how the AHS Board approved budget under CGAAP for 2012-13 has been transitioned fully to PSAS. The AHS Board approved a budgeted operating deficit of $8,000 for 2012-13 under PSAS.

## Note 5 Other Government Transfers

Other government transfers include amounts transferred from provincial and federal governments, excluding AH as separately disclosed.

| | 2013 | 2012 |
|---|---|---|
| Unrestricted operating transactions | $ 48,807 | $ 57,320 |
| Restricted operating transactions | 105,203 | 86,895 |
| Restricted capital transactions | 239,125 | 201,546 |
| | $ 393,135 | $ 345,761 |

## Note 6 Donations, Fundraising and Non-government Grants

| | 2013 | 2012 |
|---|---|---|
| Unrestricted operating transactions | $ 2,181 | $ 3,530 |
| Restricted operating transactions | 112,392 | 122,703 |
| Restricted capital transactions | 29,494 | 20,271 |
| | $ 144,067 | $ 146,504 |

## Note 7 Investment and Other Income

| | 2013 | 2012 |
|---|---|---|
| Investment income | $ 42,724 | $ 38,106 |
| Other income: | | |
| External recoveries | 99,509 | 116,963 |
| External recoveries for administration provided to others (Note 8) | 5,247 | 4,803 |
| Purchase incentives and rebates | 28,917 | 17,745 |
| Other revenue | 34,280 | 36,074 |
| | $ 210,677 | $ 213,691 |

## Note 8 Administration

| | 2013 | 2012 |
|---|---|---|
| General administration[a] | $ 197,550 | $ 157,837 |
| Human resources[b] | 103,105 | 96,033 |
| Finance[c] | 64,551 | 63,096 |
| Communications[d] | 20,202 | 23,270 |
| Administration expense of contracted health service providers (Note 10)[e] | 58,950 | 57,042 |
| Total administration expense | $ 444,358 | $ 397,278 |
| Less external recoveries for administration provided to others (Note 7) | (5,247) | (4,803) |
| Net administration expense | $ 439,111 | $ 392,475 |

Net administration expense has been presented to align with the Canadian Institute of Health Information definition, which includes a reclassification of communications previously disclosed as support services. Activities and costs directly supporting clinical activities are not included in administration.

**(a)** General administration includes senior leaders' expenses, the Board of Trustees, and other administrative functions such as planning and development, privacy, risk management, internal audit, infection control, quality assurance, insurance, patient safety, and legal.

**(b)** Human resources includes personnel services, staff recruitment and selection orientation, labour relations, employee health and employee record keeping.

**(c)** Finance includes the recording, monitoring and reporting of the financial and statistical aspects of AHS's planned and actual activities.

**(d)** Communications includes the receipt and transmittal of AHS's communications including telephone, paging, monitors, telex, fax, visitor information and mail services. It also includes personnel dedicated to maintenance and repair of communication systems and devices.

**(e)** Administrative expense of contracts with health service providers is an allocation for general administration, human resources, finance and communication expenses incurred by voluntary and private health service providers with whom AHS contracts for health services. The allocation of expenses for contracts with health service providers is in Note 10.

## Note 9 Support Services

| | 2013 | 2012 |
|---|---|---|
| Facilities operations | $ 731,741 | $ 673,871 |
| Patient health records, food services and transportation | 328,965 | 308,578 |
| Material management | 197,888 | 190,091 |
| Housekeeping, laundry and linen | 196,844 | 188,815 |
| Support services expense of contracted health service providers (Note 10) | 113,808 | 105,027 |
| Ancillary operations | 110,337 | 99,179 |
| Fundraising expenses and grants awarded | 35,314 | 32,902 |
| Other | 128,131 | 123,032 |
| | $ 1,843,028 | $ 1,721,495 |

## Note 10 Contracts with Health Service Providers

AHS is responsible for the delivery and operation of the public health system in Alberta (Note 1). To this end, AHS contracts with various voluntary and private health service providers to continue to provide health services throughout Alberta. The largest of these service providers is Covenant Health; the total amount funded to Covenant Health during the year was $666,381 (2012 - $640,982).

Direct AHS funding provided and allocation of expenses in the Consolidated Statements of Operations is as follows:

| | 2013 | 2012 |
|---|---|---|
| Voluntary health service providers | $ 1,061,526 | $ 1,005,079 |
| Private health service providers | 1,104,743 | 1,013,181 |
| Total direct AHS funding | $ 2,166,269 | $ 2,018,260 |

| | 2013 | 2012 |
|---|---|---|
| Inpatient acute nursing services | $ 286,308 | $ 269,975 |
| Emergency and other outpatient services | 87,787 | 84,166 |
| Facility-based continuing care services | 543,821 | 537,863 |
| Ambulance services | 153,199 | 150,226 |
| Community-based care | 407,065 | 346,403 |
| Home care | 175,647 | 145,997 |
| Diagnostic and therapeutic services | 325,307 | 309,443 |
| Promotion, prevention and protection services | 7,886 | 7,517 |
| Research and education | 6,106 | 4,132 |
| Administration (Note 8) | 58,950 | 57,042 |
| Information technology | 385 | 469 |
| Support services (Note 9) | 113,808 | 105,027 |
| Total allocated expenses | $ 2,166,269 | $ 2,018,260 |

## Note 11 Cash and Cash Equivalents

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| Cash | $ 165,602 | $ 553,703 | $ 509,980 |
| Money market securities < 90 days | 519,002 | 258,823 | 614,132 |
| Total cash and cash equivalents | $ 684,604 | $ 812,526 | $ 1,124,112 |

Cash and cash equivalents include money market securities which are comprised of Government of Canada treasury bills maturing June 2013 and bearing interest at an average yield of 0.95% at March 31, 2013 (March 31, 2012 – 0.94%; April 1, 2011 – 0.72%).

Included in cash and cash equivalents are $134,985 (March 31, 2012 - $459,418, April 1, 2011 - $329,979) that are segregated from other cash and cash equivalents and are intended to be used for specified purposes set out in their related agreements.

Cash and cash equivalents are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. The fair values of cash and cash equivalents are estimated to approximate their carrying values because of their short-term nature.

## Note 12 Portfolio Investments

| | March 31, 2013 | | March 31, 2012 | | April 1, 2011 | |
|---|---|---|---|---|---|---|
| | Fair Value | Cost | Fair Value | Cost | Fair Value | Cost |
| Money market securities > 90 days | $ 63,192 | $ 63,192 | $ 104,044 | $ 104,044 | $ 26,500 | $ 26,500 |
| Fixed income securities | 1,138,744 | 1,128,522 | 1,348,967 | 1,339,076 | 1,276,987 | 1,285,322 |
| Equities | 213,287 | 188,127 | 103,235 | 93,988 | 102,559 | 88,344 |
| Total portfolio investments | $ 1,415,223 | $ 1,379,841 | $ 1,556,246 | $ 1,537,108 | $ 1,406,046 | $ 1,400,166 |

At March 31, 2012, $1,411,626 (April 1, 2011 - $1,244,338) of investments were classified as available for sale and $144,620 (April 1, 2011 - $161,708) of investments were classified as held for trading. Available for sale and held for trading classifications do not exist under PSAS.

Effective April 1, 2012, portfolio investments are measured at fair value with the differences between cost and fair value being recorded as a remeasurement gain or loss. The following are the net remeasurement gains on portfolio investments:

| | March 31, 2013 |
|---|---|
| Unrestricted unrealized net gains recorded in the Consolidated Statement of Accumulated Remeasurement Gains and Losses | $ 10,221 |
| Restricted unrealized net gains attributable to endowments and recorded in deferred operating revenue (Note 17) | 9,105 |
| Restricted unrealized net gains attributable to and recorded in: | |
| Deferred operating revenue (Note 17) | 7,741 |
| Deferred capital revenue (Note 17) | 4,161 |
| Accounts payable and accrued liabilities (Note 15) | 4,154 |
| | $ 35,382 |

## Note 12 Portfolio Investments (continued)

The data used to measure the fair value of AHS's portfolio investments falls under Level 1 - $213,287 and Level 2 - $1,201,936 of the fair value hierarchy. There were no transfers between levels during the current year or comparative years.

Included in the portfolio investments are $236,770 (March 31, 2012 - $212,050, April 1, 2011 - $204,214) that are segregated from other portfolio investments and are intended to be used for specified purposes set out in their related agreements.

As AHS is made up of multiple entities as described in Note 3(a), portfolio investments are governed independently under multiple investment policies and procedures. The fair value of portfolio investments governed under each investment policy is as follows:

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| AHS Investment Bylaw | $ 1,138,667 | $ 1,314,639 | $ 1,175,666 |
| ACF Investment Policy | 109,002 | 96,987 | 90,436 |
| LPIP Investment Policy | 96,413 | 74,248 | 73,051 |
| CHT Statement of Investment Policies and Goals | 71,141 | 70,372 | 66,893 |
| | $ 1,415,223 | $ 1,556,246 | $ 1,406,046 |

### (a) Market Risk

Market risk is the risk of adverse financial impact as a consequent of market movements such as interest rates, currency rates and other price changes.

In order to earn financial returns at an acceptable level of market risk, each of the investment policies have established a maximum asset mix. The AHS Investment Bylaw has established maximum asset mix ranges of 0% to 100% for cash and money market securities, 0% to 80% for fixed income securities, and 0% to 40% for equities.

The ACF Investment Policy has established maximum asset mix policy of 0% to 10% for money market securities, 30% to 60% for fixed income securities, and 30% to 70% for equities. The LPIP Investment Policy has established maximum asset mix ranges of 80% to 87% for cash and fixed income securities, 10% to 15% for equities, and 3% to 5% for real estate. The CHT Statement of Investment Policies and Goals has established maximum asset mix policy of 30% to 70% for fixed income securities, and 30% to 70% for equities. Risk is reduced under all of the investment policies through asset class diversification, diversification within each asset class, and portfolio quality constraints.

A 10% change in market value relating to equity securities would have increased or decreased fair value by approximately $21,187 (2012 - $10,323).

### (b) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. AHS manages the interest rate risk exposure of its fixed income investments by management of average duration and laddered maturity dates.

AHS is exposed to interest rate risk through its investments in debt securities with both fixed and floating interest rates.

A 1% change in market yield relating to fixed income debt securities would have increased or decreased fair value by approximately $34,661 (2012 - $56,410).

**Note 12** **Portfolio Investments (continued)**

Portfolio investments include fixed income securities, such as bonds, and have an average effective yield of 1.79% (March 31, 2012 – 1.78%; April 1, 2011 – 2.60%) per year, maturing between 2013 and 2044. The securities have the following average maturity structure:

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| 1 – 5 years | 81% | 85% | 86% |
| 6 – 10 years | 17% | 12% | 11% |
| Over 10 years | 2% | 3% | 3% |

### (c) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. AHS is exposed to foreign exchange fluctuations on its investments denominated in foreign currencies. However, this risk is managed by the fact that the investment policies limit non-Canadian equities to a maximum of 10% to 45% of the total investment portfolio, depending on the policy. As at March 31, 2013, investments in non-Canadian equities represented 1.58% (March 31, 2012 – 1.15%; April 1, 2011 – 0.98%) of total portfolio investments.

### (d) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honor its financial obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies. All of the investment policies restrict the types and proportions of eligible investments, thus mitigating AHS's overall exposure to credit risk.

Under the AHS Investment Bylaw money market securities are limited to a rating of R1 or equivalent or higher and no more than 10% may be invested in any one issuer. Investments in corporate bonds are limited to BBB or equivalent rated bonds or higher and no more than 40% of the total fixed income securities. Investments in debt and equity of any one issuer are limited to 5% of the issuer's total debt and equity. Short selling is not permitted.

The ACF Investment Policy limits the overall rating of all fixed income instruments to at least an A rating, and no more than 10% of publically traded equities may be invested in any one issuer.

The LPIP Investment Policy limits money market securities to a rating of R1 or equivalent or higher and no more than 10% may be invested in any one issuer unless guaranteed by the Government of Canada or a Canadian province. Investments in corporate bonds are limited to BBB or equivalent rated bonds or higher. Investments in debt and equity of any one issuer are limited to 10% of total equities.

The CHT Statement of Investment Policies and Goals limits the overall rating of fixed income securities to BBB or equivalent or higher and no more than 10% of fixed income securities or equities may be invested in any one issuer.

### (e) Liquidity Risk

Liquidity risk is the risk that AHS will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. Liquidity requirements of AHS are met through funding in advance by AH, income generated from investments, and by investing in liquid assets, such as money market investments, equities and bonds, traded in an active market that are easily sold and converted to cash.

**Note 13** **Accounts Receivable**

| | March 31, 2013 | | | March 31, 2012 | April 1, 2011 |
|---|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value | Net Realizable Value |
| Patient accounts receivable | $ 118,484 | $ 31,936 | $ 86,548 | $ 121,922 | $ 132,099 |
| AH operating grants receivable | 99,109 | - | 99,109 | 78,253 | 200,313 |
| AH capital grants receivable | 2,650 | - | 2,650 | 2,293 | 11,476 |
| Other operating grants receivable | 19,183 | - | 19,183 | 35,049 | 18,169 |
| Other capital grants receivable | 97,956 | - | 97,956 | 92,175 | 76,937 |
| Other accounts receivable | 58,623 | 648 | 57,975 | 83,808 | 56,398 |
| | $ 396,005 | $ 32,584 | $ 363,421 | $ 413,500 | $ 495,392 |

Accounts receivable are unsecured and non-interest bearing. At March 31, 2012, the allowance for doubtful accounts was $31,899 (April 1, 2011 - $21,217).

## Note 14 Tangible Capital Assets

| Historical cost | March 31, 2012 | Additions[a] | Transfers for work-in-progress | Disposals and write-downs[b] | March 31, 2013 |
|---|---|---|---|---|---|
| Facilities and improvements | $ 6,138,968 | $ - | $ 1,809,005 | $ (10,379) | $ 7,937,594 |
| Work in progress | 2,109,881 | 579,612 | (2,001,736) | - | 687,757 |
| Equipment | 1,898,642 | 225,360 | 44,954 | (55,540) | 2,113,416 |
| Information systems | 932,565 | 28,907 | 99,361 | (13) | 1,060,820 |
| Building service equipment | 381,646 | - | 44,294 | - | 425,940 |
| Land | 109,429 | - | 15 | - | 109,444 |
| Leased facilities and improvements | 165,013 | - | 1,220 | - | 166,233 |
| Land improvements | 64,753 | - | 2,887 | - | 67,640 |
| | $ 11,800,897 | $ 833,879 | $ - | $ (65,932) | $ 12,568,844 |

| Accumulated amortization | March 31, 2012 | Amortization expense | Effect of transfers | Effect of disposals and write-downs[b] | March 31, 2013 |
|---|---|---|---|---|---|
| Facilities and improvements | $ 2,293,008 | $ 212,266 | $ - | $ (7,902) | $ 2,497,372 |
| Work in progress | - | - | - | - | - |
| Equipment | 1,282,031 | 160,820 | - | (52,743) | 1,390,108 |
| Information systems | 646,573 | 115,318 | - | (13) | 761,878 |
| Building service equipment | 216,804 | 24,418 | - | - | 241,222 |
| Land | - | - | - | - | - |
| Leased facilities and improvements | 97,007 | 12,596 | - | - | 109,603 |
| Land improvements | 50,303 | 2,476 | - | - | 52,779 |
| | $ 4,585,726 | $ 527,894 | $ - | $ (60,658) | $ 5,052,962 |

| Historical cost | April 1, 2011 | Additions[a] | Transfers for work-in-progress | Disposals and write-downs[b] | March 31, 2012 |
|---|---|---|---|---|---|
| Facilities and improvements | $ 6,001,128 | $ - | $ 137,840 | $ - | $ 6,138,968 |
| Work in progress | 1,669,214 | 776,256 | (335,589) | - | 2,109,881 |
| Equipment | 1,740,143 | 184,010 | 7,261 | (32,772) | 1,898,642 |
| Information systems | 757,329 | 21,379 | 154,546 | (689) | 932,565 |
| Building service equipment | 349,066 | - | 32,580 | - | 381,646 |
| Land | 108,830 | 599 | - | - | 109,429 |
| Leased facilities and improvements | 162,892 | - | 2,121 | - | 165,013 |
| Land improvements | 63,512 | - | 1,241 | - | 64,753 |
| | $ 10,852,114 | $ 982,244 | $ - | $ (33,461) | $ 11,800,897 |

| Accumulated amortization | April 1, 2011 | Amortization expense | Effect of transfers | Effect of disposals and write-downs[b] | March 31, 2012 |
|---|---|---|---|---|---|
| Facilities and improvements | $ 2,118,659 | $ 174,349 | $ - | $ - | $ 2,293,008 |
| Work in progress | - | - | - | - | - |
| Equipment | 1,160,474 | 151,775 | - | (30,218) | 1,282,031 |
| Information systems | 541,302 | 105,701 | - | (430) | 646,573 |
| Building service equipment | 194,307 | 22,497 | - | - | 216,804 |
| Land | - | - | - | - | - |
| Leased facilities and improvements | 81,900 | 15,107 | - | - | 97,007 |
| Land improvements | 48,008 | 2,295 | - | - | 50,303 |
| | $ 4,144,650 | $ 471,724 | $ - | $ (30,648) | $ 4,585,726 |

## Note 14 Tangible Capital Assets (continued)

| | Net Book Value | | |
|---|---|---|---|
| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
| Facilities and improvements | $ 5,440,222 | $ 3,845,960 | $ 3,882,469 |
| Work in progress | 687,757 | 2,109,881 | 1,669,214 |
| Equipment | 723,308 | 616,611 | 579,669 |
| Information systems | 298,942 | 285,992 | 216,027 |
| Building service equipment | 184,718 | 164,842 | 154,759 |
| Land | 109,444 | 109,429 | 108,830 |
| Leased facilities and improvements | 56,630 | 68,006 | 80,992 |
| Land improvements | 14,861 | 14,450 | 15,504 |
| | $ 7,515,882 | $ 7,215,171 | $ 6,707,464 |

### (a) Transferred Tangible Capital Assets

Additions include non-cash work in progress totaling $293,041 (2012 - $495,328) transferred from AI to AHS.

### (b) Disposals and Write-Downs

Disposals include a write-down of information systems at a cost of $nil (2012 - $566) with an effect to accumulated amortization of $nil (2012 - $305).

### (c) Leased Land

Land at the following sites has been leased to AHS at nominal values:

| Site | Leased from | Lease expiry |
|---|---|---|
| Cross Cancer Institute Parkade | University of Alberta | 2019 |
| Banff Health Unit | Covenant Health | 2028 |
| Evansburg Community Health Centre | Yellowhead County | 2031 |
| Two Hills Helipad | Stella Stefiuk | 2041 |
| Northeast Community Health Centre | City of Edmonton | 2046 |
| Foothills Medical Centre Parkade | University of Calgary | 2054 |
| McConnell Place North | City of Edmonton | 2056 |
| Alberta Children's Hospital | University of Calgary | 2101 |

### (d) Leased Equipment

Equipment includes assets acquired through capital leases at a cost of $24,728 (2012 - $11,496) with accumulated amortization of $12,000 (2012 - $10,721). Equipment additions for the year ended March 31, 2013 include vehicle capital leases totaling $13,489 (2012 - $nil).

### (e) Capitalized Interest

Total capitalized interest for the year ended March 31, 2013 was $3,489 (2012 - $16,605).

### (f) Tangible Capital Assets Operated by Contracted Health Service Providers

As at March 31, 2013, the net book value of tangible capital assets owned by AHS but operated by a voluntary or private health service provider was $179,343 (2012 - $183,872; April 1, 2011 - $185,510).

## Note 15 Accounts Payable and Accrued Liabilities

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| Payroll remittances payable and accrued liabilities | $ 553,181 | $ 546,331 | $ 461,573 |
| Trade accounts payable and accrued liabilities[a] | 456,154 | 652,034 | 675,442 |
| Provision for unpaid claims[b] | 102,774 | 101,619 | 76,802 |
| Other liabilities | 41,661 | 48,599 | 70,615 |
| | 1,153,770 | 1,348,583 | 1,284,432 |
| Unrealized net gains on portfolio investments related to accounts payable and accrued liabilities (Note 12) | 4,154 | - | - |
| | $ 1,157,924 | $ 1,348,583 | $ 1,284,432 |

### (a) Capital Transactions

Trade accounts payable and accrued liabilities includes payables related to capital transactions of $142,634 (2012 - $243,234; April 1, 2011 - $224,366).

### (b) Provision for Unpaid Claims

Provision for unpaid claims represents the losses from identified claims likely to be paid and provisions for liabilities incurred but not yet reported. The establishment of the provision for unpaid claims relies on the judgment and opinions of many individuals, on historical precedent and trends, on prevailing legal, economic, and social and regulatory trends, and on expectation as to future developments. The process of determining the provision necessarily involves risks that the actual results will deviate perhaps materially from the best estimates made.

Under accepted actuarial practice, the appropriate value of the claims liabilities is the discounted value of such liabilities plus the provision for adverse deviation. The provision for unpaid claims has been estimated using the discounted value of claim liabilities based on the expected market yield of the respective portfolio using a discount rate of 2.40% ( 2012 - 2.10%; April 1, 2011 - 3.25%).

## Note 16 Employee Future Benefits

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| Accrued vacation pay | $ 433,811 | $ 428,146 | $ 385,525 |
| Accumulating non-vesting sick leave[a] | 91,016 | 86,369 | 85,441 |
| Registered defined benefit pension plans[b], [c] | - | - | - |
| | $ 524,827 | $ 514,515 | $ 470,966 |

### (a) Accumulating non-vesting sick leave liability

The accumulating non-vesting sick leave liability is actuarially determined using the projected benefit method prorated on service and management's best estimates of expected discount rate, inflation, rate of compensation increase, termination and retirement rates and mortality. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service based on actuarial valuation as at March 31, 2011 and projected for the periods ending March 31, 2012 and 2013. Any resulting net actuarial gain (loss) is deferred and amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

**Note 16** **Employee Future Benefits (continued)**

Sick leave benefits are paid by AHS; there are no employee contributions and no plan assets. The following table summarizes the accumulating non-vesting sick leave liability.

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| **Change in accrued benefit obligation and funded status** | | |
| Accrued benefit obligation and funded status, beginning of year | $ 96,558 | $ 85,441 |
| Current service cost | 8,247 | 6,823 |
| Interest cost | 3,231 | 3,930 |
| Benefits paid | (7,680) | (9,825) |
| Actuarial gain (loss) | (891) | 10,189 |
| Accrued benefit obligation and funded status, end of year | $ 99,465 | $ 96,558 |
| **Reconciliation to accrued benefit liability** | | |
| Funded status - deficit | $ 99,465 | $ 96,558 |
| Unamortized net actuarial gain (loss) | (8,449) | (10,189) |
| Accrued benefit liability | $ 91,016 | $ 86,369 |
| **Components of expense** | | |
| Current service cost | $ 8,247 | $ 6,823 |
| Interest cost | 3,231 | 3,930 |
| Amortization of net actuarial loss | 849 | - |
| Net expense | $ 12,327 | $ 10,753 |
| **Assumptions** | | |
| Discount rate – beginning of period | 3.20% | 4.50% |
| Discount rate – end of period | 3.30% | 3.20% |
| Rate of compensation increase per year | 2012-2013<br>3.25% | 2010-2011<br>3.25% |
| | 2013-2014<br>3.25% | 2011-2012<br>3.25% |
| | Thereafter 3.25% | Thereafter 3.25% |

**(b) Local Authorities Pension Plan (LAPP)**

(i) AHS Participation in the LAPP

The majority of AHS employees participate in the LAPP and as AHS is exposed to the risk of contribution rate increases, the following disclosure is provided to explain this risk.

The LAPP provides for a pension of 1.4% for each year of pensionable service based on the average salary of the highest five consecutive years up to the average Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE) over the same five consecutive year period and 2.0% on the excess, subject to the maximum pension benefit limit allowed under the *Income Tax Act* (Canada). The maximum pensionable service allowable under the plan is 35 years.

**Note 16** **Employee Future Benefits (continued)**

The contribution rates were reviewed by the LAPP Board of Trustees in 2012 and are to be reviewed at least once every three years based on recommendations of the LAPP's actuary. AHS and its employees made the following contributions:

| Calendar 2012 | | Calendar 2011 | |
|---|---|---|---|
| Employer | Employees | Employer | Employees |
| $435,992 | $398,564 | $357,632 | $324,613 |
| 9.91% of pensionable earnings up to the YMPE and 13.74% of the excess | 8.91% of pensionable earnings up to the YMPE and 12.74% of the excess | 9.49% of pensionable earnings up to the YMPE and 13.13% of the excess | 8.49% of pensionable earnings up to the YMPE and 12.13% of the excess |

AHS contributed $435,992 (2011 - $357,632) of the LAPP's total employer contributions of $1,012,225 from January 1, 2012 to December 31, 2012 (December 31, 2011 - $856,950).

(ii) LAPP Deficit

An actuarial valuation of the LAPP was carried out as at December 31, 2011 by Mercer (Canada) Limited and results were then extrapolated to December 31, 2012. LAPP's net assets available for benefits divided by LAPP's pension obligation shows that the LAPP is 82% (2011 - 81%) funded.

| | December 31, 2012 | December 31, 2011 |
|---|---|---|
| LAPP net assets available for benefits | $ 22,862,497 | $ 19,662,810 |
| LAPP pension obligation | 27,839,800 | 24,302,200 |
| LAPP deficiency | $ (4,977,303) | $ (4,639,390) |

Further information about the LAPP including assumptions and sensitivities of the LAPP's deficiency to changes in those assumptions can be found in the LAPP financial statements and the LAPP annual report.

The 2013 and 2014 LAPP contribution rates have been increased as follows:

| Calendar 2014 (estimated) | | Calendar 2013 | |
|---|---|---|---|
| Employer | Employees | Employer | Employees |
| 11.39% of pensionable earnings up to the YMPE and 15.84% of the excess | 10.39% of pensionable earnings up to the YMPE and 14.84% of the excess | 10.43% of pensionable earnings up to the YMPE and 14.47% of the excess | 9.43% of pensionable earnings up to the YMPE and 13.47% of the excess |

**(c) Management Employees Pension Plan (MEPP)**

At December 31, 2012 the MEPP reported a deficiency of $303,423 (2011 - deficiency of $517,726).

**Note 16** **Employee Future Benefits (continued)**

### (d) Supplemental Executive Retirement Plans (SERPs)

As at March 31, 2013 an accrued benefit liability of $1,635 is included in accounts payable and accrued liabilities. As at March 31, 2012 and April 1, 2011 an accrued benefit asset is included in other assets (2012 - $8,519, April 1, 2011 - $5,952).

AHS sponsors SERPs which are funded and has three RCAs for these plans. Under the terms of the SERPs, participants will receive retirement benefits that supplement the benefits under AHS's registered plans that are limited by the *Income Tax Act* (Canada). As required under the plans' terms, any unfunded obligations identified in the actuarial valuation completed at the end of each fiscal year must be fully funded within 61 days. The accounting policies for SERPs are described in Note 3(g)(iii).

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| **Change in accrued benefit obligation** | | |
| Accrued benefit obligation, beginning of year | $ 35,185 | $ 34,143 |
| Change in actuarial assumption for discount rate (Note 2(b)(i)) | 9,632 | - |
| Current service cost | 492 | 1,774 |
| Interest cost | 1,219 | 1,704 |
| Benefit payments | (2,333) | (1,956) |
| Decrease in obligation due to curtailment | - | (1,251) |
| Actuarial losses | 514 | 771 |
| Accrued benefit obligation, end of year | $ 44,709 | $ 35,185 |
| **Change in plan assets** | | |
| Market value of plan assets, beginning of year | $ 43,704 | $ 40,095 |
| Change in valuation allowance | - | 932 |
| Actual return on plan assets | 2,196 | 1,738 |
| Actual employer contributions | 15 | 2,895 |
| Benefit payments | (2,333) | (1,956) |
| Market value of plan assets, end of year | $ 43,582 | $ 43,704 |
| **Reconciliation of funded status to accrued benefit asset (liability)** | | |
| Funded status of the plan | $ (1,127) | $ 8,519 |
| Unrecognized net actuarial losses | (508) | - |
| Accrued benefit asset (liability), end of year | $ (1,635) | $ 8,519 |

**Note 16** **Employee Future Benefits (continued)**

Net actuarial gains or losses are amortized over a period of one year.

As a result of electing to use the exemption under PS 2125, AHS recognized a cumulative net actuarial loss of $5,921, cumulative initial obligations of $342, and cumulative past service costs of $296 in accumulated operating surplus as at April 1, 2011 (Note 2(b)(i)).

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| **Determination of net benefit cost** | | |
| Current period benefit cost | $ 492 | $ 1,778 |
| Amortization of actuarial losses (gains) | - | 1,162 |
| Interest cost on the accrued benefit obligation | 1,219 | 1,704 |
| Expected return on plan assets | (1,174) | (874) |
| Net benefit cost | $ 537 | $ 3,770 |
| Change in actuarial assumption for discount rate | $ 9,632 | $ - |
| **Members** | | |
| Active | 44 | 51 |
| Retired and terminated | 54 | 52 |
| Total members | 98 | 103 |
| **Assumptions** | | |
| Weighted average discount rate to determine year end obligations | 2.75% | 4.80% |
| Weighted average discount rate to determine net benefit costs | 2.75% | 4.90% |
| Expected return on assets | 2.75% | 2.13% |
| Expected average remaining service life time | 1 | 3 |
| Rate of compensation increase per year | 2012-2013 | 2011-2012 |
| | 0.00% | 3.50% |
| | 2013-2014 | 2012-2013 |
| | 0.00% | 3.50% |
| | Thereafter | Thereafter |
| | 0.00% | 3.50% |

### (e) Pension expense

AHS's pension expense is recorded in salaries and benefits included in the Consolidated Schedules of Expenses by Object (Schedule 1). Additional disclosure of salaries and benefits is included in the Consolidated Schedules of Salaries and Benefits (Schedule 2).

| | 2013 | 2012 |
|---|---|---|
| Local Authorities Pension Plan (LAPP) | $ 452,993 | $ 361,575 |
| Defined contribution pension plans and group RRSPs | 42,208 | 29,976 |
| Change in actuarial assumption for SERPs | 9,632 | - |
| Management Employees Pension Plan (MEPP) | 722 | 661 |
| Supplemental Pension Plan (SPPs) | 2,127 | 523 |
| Supplemental Executive Retirement Plans (SERPs) | 537 | 3,770 |
| Costs to transfer employees to LAPP | - | 5,169 |
| | $ 508,219 | $ 401,674 |

## Note 17 Deferred Revenue

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| Unexpended deferred operating revenue[a][d] | $ 483,953 | $ 547,174 | $ 712,377 |
| Unexpended deferred capital revenue[b][e] | 240,358 | 383,171 | 557,562 |
| Expended deferred capital revenue[c] | 6,235,264 | 5,974,714 | 5,598,973 |
| | $ 6,959,575 | $ 6,905,059 | $ 6,868,912 |

**(a)** Unexpended deferred operating revenue represents unspent resources with stipulations or external restrictions related to operating expenditures. Changes in the unexpended deferred operating revenue balance are as follows:

| | March 31, 2013 | | | | March 31, 2012 |
|---|---|---|---|---|---|
| | AH | Other government[i] | Donors and non-government | Total | Total |
| Balance, beginning of year | $ 282,915 | $ 57,967 | $ 206,292 | $ 547,174 | $ 712,377 |
| Received or receivable during the year | 1,002,196 | 38,611 | 167,844 | 1,208,651 | 907,092 |
| Restricted investment income | 1,072 | 1,867 | 6,254 | 9,193 | 8,582 |
| Transferred from unexpended deferred capital revenue | 9,498 | 32,147 | 11,310 | 52,955 | 7,422 |
| Other transfers | - | - | - | - | (4,922) |
| Recognized as revenue | (1,077,695) | (105,445) | (167,726) | (1,350,866) | (1,083,377) |
| | 217,986 | 25,147 | 223,974 | 467,107 | 547,174 |
| Unrealized net gain on portfolio investments related to unexpended deferred operating revenue (Note 12) | 4,237 | 437 | 12,172 | 16,846 | - |
| Balance, end of year | $ 222,223 | $ 25,584 | $ 236,146 | $ 483,953 | $ 547,174 |

[i] The balance at March 31, 2013 for other government includes $1,264 of unexpended deferred operating revenue received from the federal government (March 31, 2012 - $885, April 1, 2011 - $nil).

## Note 17 Deferred Revenue (continued)

(b) Unexpended deferred capital revenue represents unspent resources with stipulations or external restrictions related to the purchase of tangible capital assets. Changes in the unexpended deferred capital revenue balance are as follows:

| | March 31, 2013 | | | | March 31, 2012 |
|---|---|---|---|---|---|
| | AH | Other government | Donors and non-government | Total | Total |
| Balance, beginning of year | $ 193,571 | $ 85,233 | $ 104,367 | $ 383,171 | $ 557,562 |
| Received or receivable during the year | 76,399 | 129,513 | 49,924 | 255,836 | 151,904 |
| Transferred tangible capital assets (Note14(a)) | - | 293,041 | - | 293,041 | 495,328 |
| Restricted investment income | 1,264 | - | - | 1,264 | 1,889 |
| Unexpended deferred capital revenue returned | (1,332) | (2,239) | (4,717) | (8,288) | (97,200) |
| Transfer to expended deferred capital revenue | (114,577) | (457,058) | (64,222) | (635,857) | (718,291) |
| Transferred (to) unexpended deferred operating revenue | (9,498) | (32,147) | (11,310) | (52,955) | (7,422) |
| Used for the acquisition of land | - | (15) | - | (15) | (599) |
| | 145,827 | 16,328 | 74,042 | 236,197 | 383,171 |
| Unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 12) | 3,293 | 716 | 152 | 4,161 | - |
| Balance, end of year | $ 149,120 | $ 17,044 | $ 74,194 | $ 240,358 | $ 383,171 |

(c) Expended deferred capital revenue at year-end represent external resources spent in the acquisition of tangible capital assets, stipulated for use in the provision of services over their useful lives. This revenue is recognized as revenue over the useful life of the assets. Changes in the expended deferred capital revenue balance are as follows:

| | March 31, 2013 | | | | March 31, 2012 |
|---|---|---|---|---|---|
| | AH | Other government | Donors and non-government | Total | Total |
| Balance, beginning of year | $ 427,473 | $ 5,404,087 | $ 143,154 | $ 5,974,714 | $ 5,598,973 |
| Transferred from unexpended deferred capital revenue | 114,577 | 457,058 | 64,222 | 635,857 | 718,291 |
| Less amounts recognized as revenue | (106,688) | (239,125) | (29,494) | (375,307) | (342,550) |
| Balance, end of year | $ 435,362 | $ 5,622,020 | $ 177,882 | $ 6,235,264 | $ 5,974,714 |

**Note 17** **Deferred Revenue (continued)**

**(d)** The unexpended deferred operating revenue balance at the end of the year is stipulated or externally restricted for the following purposes:

| | March 31, 2013 | | | | March 31, 2012 | April 1, 2011 |
|---|---|---|---|---|---|---|
| | AH | Other government | Donors and non-government | Total | Total | Total |
| Research and education | $ 1,014 | $ 1,455 | $ 115,245 | $ 117,714 | $ 111,654 | $ 104,642 |
| Cancer prevention, screening and treatment | 36,451 | 77 | 49,657 | 86,185 | 84,553 | 87,207 |
| Primary Care Networks (Note 24) | 56,845 | - | 78 | 56,923 | 42,646 | 41,946 |
| Addiction and mental health | 48,787 | 2,192 | 5 | 50,984 | 82,603 | 114,218 |
| Physician revenue and Alternate Relationship Plans | 36,019 | - | 19 | 36,038 | 28,380 | 54,116 |
| Promotion, prevention and community | 12,644 | 896 | 3,878 | 17,418 | 22,803 | 42,695 |
| Inpatient acute nursing services | 1,445 | 121 | 15,483 | 17,049 | 16,225 | 19,714 |
| Administration and support services | 326 | 3,581 | 5,999 | 9,906 | 14,991 | 12,137 |
| Emergency and other outpatient services | 4,493 | 106 | 4,442 | 9,041 | 12,833 | 21,049 |
| Continuing care and seniors health | 3,356 | 1,241 | 1,970 | 6,567 | 14,975 | 54,332 |
| Diagnostic and therapeutic services | 1,564 | 1,456 | 2,656 | 5,676 | 10,459 | 19,936 |
| Information technology | 5,354 | 25 | 182 | 5,561 | 3,607 | 15,369 |
| Infrastructure maintenance | 22 | 71 | 222 | 315 | 26,820 | 38,228 |
| Virtual site training for Calgary South Health Campus | - | - | - | - | 41,982 | 49,630 |
| Others less than $10,000 | 9,666 | 13,926 | 24,138 | 47,730 | 32,643 | 37,158 |
| | 217,986 | 25,147 | 223,974 | 467,107 | 547,174 | 712,377 |
| Unrealized net gain on portfolio investments related to unexpended deferred operating revenue (Note 12) | 4,237 | 437 | 12,172 | 16,846 | - | - |
| | $ 222,223 | $ 25,584 | $ 236,146 | $ 483,953 | $ 547,174 | $ 712,377 |

## Note 17 Deferred Revenue (continued)

(e) The unexpended deferred capital revenue balance at the end of the year is stipulated or externally restricted for the following purposes:

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| AH | | | |
| Information systems: | | | |
| Regional Shared Health Information Program | $ 18,616 | $ 34,540 | $ 44,979 |
| Access to Health Service IM IT | 17,767 | 22,361 | - |
| Diagnostic Imaging Project Year 6 | 11,339 | - | - |
| Provincial Health Information Exchange | 10,469 | 9,128 | 10,909 |
| Diagnostic Imaging Project Years 2 & 3 | 3,886 | 25,844 | 29,004 |
| Diagnostic Imaging Project Year 4 | 96 | 22,142 | 26,219 |
| Others less than $10,000 | 61,979 | 48,887 | 75,971 |
| | 124,152 | 162,902 | 187,082 |
| Medical Equipment Replacement Upgrade Program | 10,305 | - | - |
| Equipment less than $10,000 | 11,370 | 30,669 | 27,525 |
| Total AH | 145,827 | 193,571 | 214,607 |
| Other government | | | |
| Facilities and improvements: | | | |
| Infrastructure maintenance projects | 8,383 | 38,869 | 143,009 |
| Others less than $10,000 | 7,945 | 43,691 | 114,470 |
| Total other government | 16,328 | 82,560 | 257,479 |
| Donors and non-government | | | |
| North Treatment Centre | 695 | 3,209 | - |
| Stollery Paediatric Emergency Expansion | 208 | 5,000 | - |
| Equipment less than $10,000 | 64,847 | 97,747 | 56,663 |
| Facilities and improvements less than $10,000 | 8,292 | 1,084 | 28,813 |
| Total donors and non-government | 74,042 | 107,040 | 85,476 |
| | 236,197 | 383,171 | 557,562 |
| Unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 12) | 4,161 | - | - |
| | $ 240,358 | $ 383,171 | $ 557,562 |

**Note 18** **Debt**

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| Debentures payable: [(a)] | | | |
| Parkade loan #1 | $ 42,276 | $ 44,528 | $ 46,683 |
| Parkade loan #2 | 38,637 | 40,510 | 42,303 |
| Parkade loan #3 | 47,815 | 49,744 | 51,582 |
| Parkade loan #4 | 172,674 | 178,292 | 15,000 |
| Parkade loan #5 | 41,617 | 10,000 | 5,000 |
| Calgary Laboratory Services purchase | 3,472 | 10,179 | 16,583 |
| Term loan-Parkade #4 | - | - | 138,000 |
| Term loan-Parkade #5[(b)] | - | 19,000 | 2,000 |
| Obligation under leased tangible capital assets[(c)] | 26,675 | 15,280 | 15,328 |
| Other | 2,218 | 2,446 | 3,820 |
| | $ 375,384 | $ 369,979 | $ 336,299 |

**(a)** AHS issued debentures to Alberta Capital Financing Authority (ACFA), a related party, to finance the construction of parkades and the purchase of the remaining 50.01% ownership interest in CLS. AHS has pledged as security for these debentures revenue derived directly or indirectly from the operations of all parking facilities being built, renovated, owned and operated by AHS.

The maturity dates and interest rates for the debentures are as follows:

| | Maturity Date | Fixed Interest Rate |
|---|---|---|
| Parkade loan #1 | September 2026 | 4.4025% |
| Parkade loan #2 | September 2027 | 4.3870% |
| Parkade loan #3 | March 2029 | 4.9150% |
| Parkade loan #4 | September 2031 | 4.9250% |
| Parkade loan #5 | June 2032 | 4.2280% |
| Calgary Laboratory Services purchase | May 2013 | 4.6810% |

**(b)** AHS obtained a term loan facility of $42,300 during 2011. In 2012, the term loan was replaced by the issuance of the balance of Parkade #5 debenture to ACFA of $32,300.

**(c)** The leased tangible capital assets include a site lease with the University of Calgary and vehicle leases.

The University of Calgary lease expires January 2028. The implicit interest rate payable on this lease is 6.50%. There are no renewal options, purchase options or escalation clauses related to this leased tangible capital asset.

AHS is contractually committed to future capital lease payments for vehicles until 2017. The implicit interest rate payable on these leases is 1.90%.

**(d)** As at March 31, 2013 AHS held a $220,000 revolving demand facility with a Canadian chartered bank which may be used for operating purposes. Draws on the facility bear interest at the bank's prime rate less 0.50% per annum. As at March 31, 2013, AHS has no draws against this facility.

AHS also holds a $33,000 revolving demand letter of credit facility which may be used to secure AHS's obligations to third parties relating to construction projects. As at March 31, 2013, AHS had $4,585 (March 31, 2012 - $5,353; April 1, 2011 $6,024) in letters of credit outstanding against this facility.

## Note 18 Debt (continued)

AHS is committed to making payments as follows:

| Year ended March 31 | Debentures Payable, Term/Other Loan and Mortgages Payable<br>Principal payments | Leased Tangible Capital Assets<br>Minimum lease payments |
|---|---|---|
| 2014 | $ 17,249 | $ 5,324 |
| 2015 | 18,004 | 4,640 |
| 2016 | 14,091 | 4,486 |
| 2017 | 15,943 | 4,486 |
| 2018 | 14,372 | 1,465 |
| Thereafter | 269,050 | 15,381 |
| | $ 348,709 | 35,782 |
| Less: interest | | (9,107) |
| | | $ 26,675 |

During the year, the amount of interest expensed was $14,480 (2012 - $9,009), of which loan interest was $13,047 (2012 - $8,068) and other interest charges was $1,433 (2012 - $941).

## Note 19 Accumulated Operating Surplus

| | Unrestricted net assets (deficiency) | Reserves for future purposes [(a)] | Net assets invested in tangible capital assets[(a)] | Accumulated operating surplus |
|---|---|---|---|---|
| Balance as at April 1, 2011 | $ 10,195 | $ 97,647 | $ 776,982 | $ 884,824 |
| Operating surplus | 86,899 | - | - | 86,899 |
| Tangible capital assets purchased with internal funds | (219,655) | - | 219,655 | - |
| Amortization of internally funded tangible capital assets | 131,987 | - | (131,987) | - |
| Repayment of debt used to fund tangible capital assets | (10,655) | - | 10,655 | - |
| Net repayment of life lease deposits | (451) | - | 451 | - |
| Transfer of revenue for acquisition of land | (599) | - | 599 | - |
| Transfer of reserves for future purposes | (1,134) | 1,134 | - | - |
| Balance as at March 31, 2012 | (3,413) | 98,781 | 876,355 | 971,723 |
| Operating surplus | 106,391 | - | - | 106,391 |
| Tangible capital assets purchased with internal funds | (182,394) | - | 182,394 | - |
| Amortization of internally funded tangible capital assets | 157,861 | - | (157,861) | - |
| Repayment of debt used to fund tangible capital assets | (16,224) | - | 16,224 | - |
| Net receipt of life lease deposits | 563 | - | (563) | - |
| Transfer of revenue for acquisition of land | (15) | - | 15 | - |
| Transfer of reserves for future purposes | 20,054 | (20,054) | - | - |
| Balance as at March 31, 2013 | $ 82,823 | $ 78,727 | $ 916,564 | $ 1,078,114 |

## Note 19 Accumulated Operating Surplus (continued)

### (a) Reserves

The AHS Board has approved the restriction of net assets for future purposes as follows:

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| South Health Campus (i) | $ 16,444 | $ 45,016 | $ 50,000 |
| Cancer research reserve (ii) | 17,289 | 17,324 | 18,710 |
| Parkade infrastructure reserve (iii) | 32,745 | 24,522 | 16,722 |
| Specific local initiatives reserve (iv) | 11,919 | 11,919 | 12,215 |
| Retail food services infrastructure reserve(v) | 330 | - | - |
| Reserves for future purposes | 78,727 | 98,781 | 97,647 |
| Net assets invested in tangible capital assets(vi) | 916,564 | 876,355 | 776,982 |
| | $ 995,291 | $ 975,136 | $ 874,629 |

(i) Restriction of operating net assets to assist with funding start up costs for South Health Campus in Calgary.

(ii) Restriction of operating net assets to fund cancer research.

(iii) Restriction of parking services surpluses to establish a parking infrastructure reserve for future major maintenance, upgrades, and construction.

(iv) Restriction of operating net assets for specific local initiatives as a result of local fundraising.

(v) Restriction of retail food services surplus to assist with future upgrades, maintenance, equipment, and construction costs for retail food service operations.

(vi) Restriction of net assets equal to the net book value of internally funded tangible capital assets as these net assets are not available for any other purpose.

## Note 20 Accumulated Unrealized Net Gains

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| Balance, beginning of year | $ 18,252 | $ 3,332 |
| Adjustment on adoption of the financial instrument standard (Note 2(c)(v)) resulting in a transfers of unrealized gains to: | | |
| Deferred revenue | (10,837) | - |
| Consolidated Statement of Accumulated Remeasurement Gains and Losses | (5,272) | - |
| Accounts payable and accrued liabilities | (2,143) | - |
| Net unrealized gains arising during the year on available for sale financial assets | - | 25,124 |
| Transfer of net realized gains on investments to revenue | - | (10,204) |
| Balance, end of year | $ - | $ 18,252 |

## Note 21 Endowments

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| Balance, beginning of year | $ 63,740 | $ 59,773 |
| Endowments received or receivable | 1,467 | 3,967 |
| Balance, end of year | $ 65,207 | $ 63,740 |

## Note 22 Contractual Obligations and Contingent Liabilities

### (a) Leases

AHS is contractually committed to future operating lease payments for premises until 2033 as follows:

| Year ended March 31 | Total lease payments |
|---|---|
| 2014 | $ 53,709 |
| 2015 | 49,159 |
| 2016 | 43,499 |
| 2017 | 39,320 |
| 2018 | 29,496 |
| Thereafter | 88,066 |
| | $ 303,249 |

### (b) Tangible Capital Assets

AHS has the following outstanding contractual commitments for purchases of tangible capital assets as at March 31:

| | 2013 |
|---|---|
| Facilities and improvements | $ 59,136 |
| Equipment | 44,195 |
| Information systems | 43,915 |
| | $ 147,246 |

### (c) Contracted Health Service Providers

AHS contracts on an ongoing basis with voluntary and private health service providers to provide health services in Alberta as disclosed in Note 10. AHS has contracted for services in the year ending March 31, 2014 similar to those provided by these providers in 2012-13.

### (d) Contingent Liabilities

AHS is subject to legal claims during its normal course of business. AHS records a liability when the assessment of a claim indicates that a future event is likely to confirm that an asset had been impaired or a liability incurred at the date of the financial statements and the amount of the contingent loss can be reasonably estimated.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2013, accruals have been recorded as part of the provision for unpaid claims (Note 15). Included in this accrual are claims in which the AHS has been jointly named with the Minister. The accrual provided for these claims under the provision for unpaid claims represents AHS's portion of the liability.

At March 31, 2013, AHS has been named in 187 legal claims (2012 - 158 claims) where the occurrence of a future event confirming a contingent loss is not reasonably determinable. Of these, 172 claims have $317,929 in specified amounts and 15 have no specified amounts (2012 - 137 claims with $234,873 of specified claims and 21 claims with no specified amounts). The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Alberta Health Services has been named as a co-defendant, along with the Government of Alberta, in a certified Class Action with regard to increased long-term accommodation charges, which were increased by a Cabinet order effective August 1, 2003. The amount of the Claim has not yet been specified, but it has been estimated to be between $100,000 and $175,000 per year, based on the amount of the August 1, 2003 increases in accommodation charges.

## Note 23 Related Parties

Transactions with the following related parties are considered to be in the normal course of operations. Amounts due to or from the related parties and the recorded amounts of the transactions are included within these consolidated financial statements, unless otherwise stated.

The Minister of Health controls the AHS Board by appointing all its members. The viability of AHS's operations depends on transfers from the Ministry. Transactions between AHS and AH are reported and disclosed in the Consolidated Statements of Operations, the Consolidated Statements of Financial Position, and the Notes to the Consolidated Financial Statements, and are therefore excluded from the table below.

AHS shares a common relationship and is considered to be a related party with those entities consolidated or included on a modified equity basis in the GOA consolidated financial statements. Transactions in the normal course of operations between AHS and the other ministries are recorded at their exchange amount as follows:

| | Revenue | | Expenses | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Ministry of Enterprise and Advanced Education (i) | $ 41,138 | $ 50,759 | $ 124,899 | $ 135,023 |
| Ministry of Infrastructure (ii) | 66,888 | 42,218 | 137 | 16 |
| Other ministries | 39,401 | 47,225 | 25,884 | 24,571 |
| Total for the year | $ 147,427 | $ 140,202 | $ 150,920 | $ 159,610 |

| | Receivable from | | Payable to | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Ministry of Enterprise and Advanced Education (i) | $ 16,731 | $ 37,039 | $ 24,425 | $ 21,714 |
| Ministry of Infrastructure (ii) | 40,292 | 61,886 | - | 151,248 |
| Other ministries (iii) | 3,859 | 5,976 | 351,514 | 338,571 |
| Balance, end of year | $ 60,882 | $ 104,901 | $ 375,939 | $ 511,533 |

(i) Most of AHS transactions with the Ministry of Enterprise and Advanced Education relate to initiatives with the University of Alberta and the University of Calgary. These initiatives include teaching, research, and program delivery. A number of physicians are employed by either AHS or the universities but perform services for both. Due to proximity of locations, some initiatives result in sharing physical space and support services. The revenue and expense transactions are a result of grants provided from one to the other and recoveries of shared costs.

(ii) The transactions with the Ministry of Infrastructure relate to the construction and funding of tangible capital assets (Note 14).

(iii) The payable transactions with other ministries include the debt payable to ACFA.

At March 31, 2013 AHS has recorded at the exchange amount deferred revenue from other ministries within the GOA of $24,320 (March 31, 2012 - $57,082) related to unexpended deferred operating revenue, $17,044 (March 31, 2012 - $85,233) related to unexpended deferred capital revenue and $5,622,020 (March 31, 2012 - $5,404,087) related to expended deferred capital revenue.

Outstanding contingencies in which AHS has been jointly named with other government entities within the GOA are disclosed in Note 22(d).

## Note 24 Government Partnerships

The following is 100% of the financial position and results of operations for AHS's government partnerships with PCNs, NACTRC and HUTV. AHS has proportionately consolidated 50% of the results of the PCNs and NACTRC and 30% of HUTV.

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---|---|---|---|
| Total assets | $ 123,786 | $ 105,329 | $ 95,000 |
| Total liabilities | 123,786 | 105,329 | 95,000 |
| Net assets | $ - | $ - | $ - |
| | | | |
| Total revenue | $ 146,480 | $ 149,380 | |
| Total expenses | 146,480 | 149,380 | |
| Net operating surplus | $ - | $ - | |

As a requirement of AH, PCNs can only use accumulated operating surpluses based on an approved surplus reduction plan; therefore, AHS's proportionate share of these surpluses has been recorded by AHS as deferred revenue, and are reflected as liabilities in the above table.

## Note 25 Trusts

### (a) Trust Funds

AHS receives funds in trust for research and development, education, and other programs. These amounts are held and administered on behalf of others in accordance with the terms and conditions embodied in the relevant agreements with no unilateral power to change the conditions set out in the trust indenture (or agreement) and therefore are not reported in these consolidated financial statements. As at March 31, 2013, the balance of funds held in trust by AHS for research and development is $8,443 (2012 - $9,267).

AHS also receives funds in trust from continuing care residents for personal expenses. These amounts are not included above and not consolidated in these financial statements.

### (b) Health Benefit Trust of Alberta (HBTA)

AHS is one of more than 30 participants in the HBTA and has a majority of representation on the HBTA governance board. The HBTA is a formal health and welfare trust established under a Trust Agreement effective January 1, 2000. The HBTA provides health and other related employee benefits pursuant to the authorizing Trust Agreement. The HBTA uses various carriers for the different benefits.

The HBTA maintains various reserves to adequately provide for all current obligations and reported fund balances of $79,394 as at December 31, 2012 ($57,081 as at December 31, 2011; $79,576 as [illegible] December 31, 2010). Under the terms of the Trust Agreement, no participating employer or eligible employee shall have any right to any surplus or assets of the Trust nor shall they be responsible for any deficits or liabilities of the Trust. However, AHS has included in prepaid expenses $57,759 (March 31, 2012 - $41,494; April 1, 2011 - $44,118) as a share of the HBTA's fund balances representing in substance a prepayment of future contributions. For the period January 1 to December 31, 2012 AHS paid premiums of $277,894 (2011 - $232,162).

## Note 26 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the AHS Board on June 6, 2013.

## SCHEDULE 1 - CONSOLIDATED SCHEDULES OF EXPENSES BY OBJECT
## YEARS ENDED MARCH 31

| | 2013 | | 2012 |
|---|---|---|---|
| | Budget (Note 4) (Schedule 3) | Actual | Actual (Note 2) (Schedule 4) |
| Salaries and benefits (Schedule 2) | $ 6,851,000 | $ 6,752,659 | $ 6,161,025 |
| Contracts with health service providers (Note 10) | 2,265,000 | 2,166,269 | 2,018,260 |
| Contracts under the Health Care Protection Act | 21,000 | 16,852 | 18,434 |
| Drugs and gases | 386,000 | 388,013 | 387,984 |
| Medical and surgical supplies | 354,000 | 391,649 | 360,002 |
| Other contracted services | 1,148,000 | 1,099,199 | 1,055,932 |
| Other [(a)] | 1,191,000 | 1,220,403 | 1,270,986 |
| Amortization, disposals and write-downs (Note 14) | 521,000 | 533,168 | 474,537 |
| | $ 12,737,000 | $ 12,568,212 | $ 11,747,160 |

| (a) Significant amounts included in Other are: | 2013 Actual | 2012 Actual |
|---|---|---|
| Equipment expense | $ 152,472 | $ 152,498 |
| Other clinical supplies | 140,350 | 140,848 |
| Building and ground expenses | 116,530 | 109,941 |
| Building rent | 115,712 | 112,334 |
| Utilities | 109,362 | 108,354 |
| Housekeeping, laundry and linen, plant maintenance and biomedical engineering supplies | 82,497 | 84,465 |
| Minor equipment purchases | 75,864 | 104,019 |
| Food and dietary supplies | 68,080 | 68,495 |
| Telecommunications | 53,862 | 50,375 |
| Office supplies | 52,804 | 65,474 |
| Travel | 49,140 | 49,719 |
| Fundraising and grants awarded | 45,826 | 50,359 |
| Insurance | 23,788 | 42,670 |
| Licenses, fees and membership | 17,876 | 15,453 |
| Education | 13,903 | 16,470 |
| Other | 102,337 | 99,512 |
| | $ 1,220,403 | $ 1,270,986 |

## SCHEDULE 2 - CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2013

| | 2013 | | | | | Severance [e] | | | 2012 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FTE[a] | Base Salary [b] | Other Cash Benefits [c] | Other Non-Cash Benefits [d] | Subtotal | Number of Individuals | Amount | Total | FTE* [a] | Total* (Note 2) |
| Total Board (Sub-Schedule 2A) | 13.95 | $ - | $ 593 | $ - | $ 593 | - | $ - | $ 593 | 13.70 | $ 701 |
| Total Executive (Sub-Schedule 2B) | 11.16 | 4,031 | 857 | 706 | 5,594 | - | - | 5,594 | 9.71 | 6,309 |
| Management Reporting to CEO Reports | 38.33 | 6,632 | 505 | 1,522 | 8,659 | 1 | 26 | 8,685 | 35.81 | 13,502 |
| Other Management | 3,270.96 | 370,902 | 8,635 | 80,582 | 460,119 | 20 | 1,006 | 461,125 | 3,211.57 | 434,680 |
| Medical Doctors not included above | 123.10 | 33,822 | 668 | 2,216 | 36,706 | - | - | 36,706 | 137.75 | 40,254 |
| Regulated nurses not included above: | | | | | | | | | | |
| RNs, Reg. Psych. Nurses, Grad Nurses | 18,044.91 | 1,574,565 | 246,401 | 329,514 | 2,150,480 | 22 | 605 | 2,151,085 | 17,524.41 | 1,989,737 |
| LPNs | 3,869.85 | 227,595 | 35,716 | 45,852 | 309,163 | 3 | 88 | 309,251 | 3,679.70 | 290,310 |
| Other Health Technical & Professionals | 13,814.16 | 1,123,362 | 85,298 | 268,111 | 1,476,771 | 16 | 442 | 1,477,213 | 14,333.33 | 1,409,885 |
| Unregulated Health Service Providers | 7,422.79 | 346,061 | 50,213 | 73,889 | 470,163 | 5 | 119 | 470,282 | 6,520.12 | 395,228 |
| Other Staff | 25,659.51 | 1,440,380 | 71,089 | 306,725 | 1,818,194 | 87 | 4,299 | 1,822,493 | 23,519.78 | 1,575,250 |
| Change in actuarial assumption for discount rate for SERPs | - | - | - | 9,632 | 9,632 | - | - | 9,632 | - | - |
| Costs to transfer employees to LAPP | - | - | - | - | - | - | - | - | - | 5,169 |
| **Total** | 72,268.72 | $ 5,127,350 | $ 499,975 | $ 1,118,749 | $ 6,746,074 | 154 | $ 6,585 | $ 6,752,659 | 68,985.88 | $ 6,161,025 |

*Certain 2012 amounts have been reclassified to conform to the 2013 presentation.

*The accompanying footnotes and sub-schedules are part of this schedule.*

# SUB-SCHEDULE 2A - BOARD HONORARIA FOR THE YEAR ENDED MARCH 31, 2013

|  | Term | 2013 Committees | 2013 Honoraria | 2012 Honoraria |
|---|---|---|---|---|
| **Board Chair** |  |  |  |  |
| Stephen Lockwood(f) | Since Oct 13, 2010 | AF, GOV, HA, HR, QS(m) | $ 75 | $ 52 |
| Catherine Roozen(g) | Since Jul 29, 2008 | AF, GOV, HA, HR, QS(m) | 35 | 60 |
| Ken Hughes(h) | May 15, 2008 to Dec 28, 2011 | - | - | 63 |
| **Board Members** |  |  |  |  |
| Dr. Ray Block(i) | Feb 18, 2011 to Sep 20, 2012 | AF, HR | 24 | 38 |
| Teri Lynn Bougie | Nov 20, 2008 to Mar 31, 2013 | GOV, HA, QS | 53 | 54 |
| Dr. Ruth Collins-Nakai | Since Feb 18, 2011 | HR, QS | 56 | 53 |
| Donald Cormack | Since Mar 5, 2013 | -(n) | 5 | - |
| Dr. Kamalesh Gangopadhyay | Oct 13, 2010 to Mar 31, 2013 | GOV, HA, QS | 53 | 54 |
| Don Johnson | Since Feb 18, 2011 | AF, HA, PASC | 55 | 56 |
| John Lehners | Since May 15, 2008 | HA, HR, PASC | 55 | 56 |
| Frederick Ring | Since Mar 5, 2013 | -(n) | 5 | - |
| Gary Sciur | Since Mar 5, 2013 | -(n) | 4 | - |
| Don Sieben(j) | Since May 15, 2008 | AF, GOV, HA, HR, QS(m) | 55 | 56 |
| Dr. Eldon Smith | Since Feb 18, 2011 | AF, GOV, QS | 54 | 53 |
| Sheila Weatherill(k) | Feb 18, 2011 to Aug 2, 2012 | AF, GOV, HR, PASC | - | - |
| Gord Winkel | Nov 20, 2008 to Mar 31, 2013 | HR, QS | 56 | 54 |
| Irene Lewis | May 15, 2008 to Mar 31, 2012 | - | - | 50 |
| **Board Committee Participants(l)** |  |  |  |  |
| Dr. Thomas Feasby | Jan 27, 2011 to Jun 30, 2012 | QS | - | 1 |
| Dennis Hoffman | Since Feb 11, 2013 | AF | 2 | - |
| Dr. Jon Meddings | Since Jul 1, 2012 | QS | 3 | - |
| Dr. Douglas Miller | Since Jul 1, 2012 | QS | 2 | - |
| Elaine Noel-Bentley | Since Jun 15, 2012 | PASC | 1 | - |
| Dr. Verna Yiu(k) | Jun 21, 2011 to Jun 30, 2012 | QS | - | - |
| Dr. Philip Baker | Jan 27, 2011 to Jun 17, 2011 | - | - | 1 |
| Total Board |  |  | $ 593 | $ 701 |

Board members are compensated with monthly honoraria and honoraria for attendance at board and committee meetings and all other AHS Board business up to a maximum limit in accordance with Ministerial Order #50. Although M.O. #50 was repealed by M.O. #93, original rates from M.O. #50 were adopted again as of January 1, 2010. Effective November 1, 2012, the Minister of Health clarified the rates for committee meeting attendance.

Committee legend: AF = Audit and Finance, GOV = Governance, HA = Health Advisory, HR = Human Resources, QS = Quality and Safety, PASC = Pension Advisory Sub-Committee

## SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2013

| For the Current Fiscal Year | 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Base Salary [b] | Pay-at-Risk Component [b] | Other Cash Benefits [c] | Other Non-Cash Benefits [d] | Subtotal | Severance [e] | Total |
| **Board Direct Reports** | | | | | | | |
| Dr. Chris Eagle – President and Chief Executive Officer (p,t,ee) | $ 580 | $ 108 | $ 41 | $ 65 | $ 794 | $ - | $ 794 |
| Ronda White – Chief Audit Executive (ff) | 206 | 29 | - | 41 | 276 | - | 276 |
| Noela Inions – Ethics and Compliance Officer (gg) | 225 | - (s) | - | 60 | 285 | - | 285 |
| Patti Grier – Chief of Staff and Corporate Secretary (u,gg) | 192 | 29 | - | 33 | 254 | - | 254 |
| **CEO Direct Reports** | | | | | | | |
| Chris Mazurkewich – Executive VP and Chief Operating Officer (p,hh) | 468 | 93 | 22 | 64 | 647 | - | 647 |
| Duncan Campbell – Executive VP and Chief Financial Officer (p,v,hh) | - | - | - | - | - | - | - |
| Allaudin Merali – Executive VP and Chief Financial Officer (p,w,hh,kk) | 96 | - | 10 | 9 | 115 | - (w) | 115 |
| Deborah Rhodes – Acting Chief Financial Officer (x,ff) | 245 | 34 | 2 | 38 | 319 | - | 319 |
| Dr. David Megran – Executive VP and Chief Medical Officer, Clinical Operations (p,r,y,ii) | 485 | 98 | 46 | 176 | 805 | - | 805 |
| Dr. Verna Yiu – Executive VP and Chief Medical Officer, Quality and Medical Affairs (p,q,z,jj) | 316 | 52 | 36 | 22 | 426 | - | 426 |
| Bill Trafford – Executive VP and Chief Development Officer (p,hh) | 339 | 55 | 22 | 56 | 472 | - | 472 |
| Stephen Gould – Executive VP, People and Partners (p,aa,hh) | 411 | 69 | 32 | 68 | 580 | - | 580 |
| Dr. Kathryn Todd – Senior VP, Research (q,bb,jj) | 229 | 35 | 9 | 24 | 297 | - | 297 |
| Barbara Pitts – Senior VP, Priorities and Performance (cc,gg) | 156 | 23 | - | 35 | 214 | - | 214 |
| Deb Gordon – Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer (dd,gg) | 83 | 12 | - | 15 | 110 | - | 110 |
| Total Executive | $ 4,031 | $ 637 | $ 220 | $ 706 | $ 5,594 | $ - | $ 5,594 |

## SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2013 (CONTINUED)

| | 2012 | | | | | | |
|---|---|---|---|---|---|---|---|
| For the Prior Fiscal Year | Base Salary (b) | Pay-at-Risk Component (b) | Other Cash Benefits (c) | Other Non-Cash Benefits (d) | Subtotal | Severance (e) | Total |
| **Board Direct Reports** | | | | | | | |
| Dr. Chris Eagle – President and Chief Executive Officer | $ 580 | $ 88 | $ 21 | $ 232 | $ 921 | $ - | $ 921 |
| Ronda White – Chief Audit Executive | 200 | 24 | - | 43 | 267 | - | 267 |
| Noela Inions – Ethics and Compliance Officer | 209 | 16 | - | 51 | 276 | - | 276 |
| **CEO Direct Reports** | | | | | | | |
| Chris Mazurkewich – Executive VP and Chief Operating Officer | 345 | 45 | 19 | 89 | 498 | - | 498 |
| Chris Mazurkewich – Executive VP and Chief Financial Officer | 105 | 16 | 7 | 33 | 161 | - | 161 |
| Deborah Rhodes – Acting Chief Financial Officer | 128 | 19 | 1 | 27 | 175 | - | 175 |
| Dr. David Megran – Executive VP and Chief Medical Officer | 481 | 61 | 54 | 173 | 769 | - | 769 |
| Dr. Francois Belanger – Acting Executive VP and Chief Medical Officer | 66 | - | - | - | 66 | - | 66 |
| Bill Trafford – Executive VP and Chief Development Officer | 112 | 17 | 8 | 16 | 153 | - | 153 |
| Stephen Gould – Executive VP, People and Partners | 221 | 35 | 18 | 39 | 313 | - | 313 |
| Mike Conroy – Acting Executive VP, People and Partners | 185 | 29 | 14 | 48 | 276 | - | 276 |
| Alison Tonge – Executive VP, Strategy and Performance(o) | 288 | 45 | 37 | 49 | 419 | 392 | 811 |
| Pam Whitnack – Executive VP, Rural, Public and Community Health | 60 | - | 2 | 18 | 80 | - | 80 |
| Andrew Will – Executive VP and Executive Lead Transition | 335 | 58 | 58 | 78 | 529 | 738 | 1,267 |
| Patti Grier – Chief of Staff for the AHS Board | 179 | 27 | 1 | 58 | 265 | - | 265 |
| Lynn Redford – Chief of Staff, Board Office and VP Community Engagement | 10 | - | - | 1 | 11 | - | 11 |
| Total Executive | $ 3,504 | $ 480 | $ 240 | $ 955 | $ 5,179 | $ 1,130 | $ 6,309 |

## FOOTNOTES TO THE CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS
## FOR THE YEAR ENDED MARCH 31, 2013

### Definitions

a. For this schedule, Full time equivalents (FTE) are determined by actual hours earned divided by 2,022.75 annual base hours. If applicable, FTE for Board Members are prorated using the number of days in the fiscal year between either the date of appointment and the end of the year or the beginning of the year and the termination date.

b. The compensation model for senior leaders includes a component that is at risk if they do not meet performance objectives.

Pay at risk: Eligible senior leaders participate in 'pay-at-risk'. Under this model, a component of remuneration is withheld during the year and released (in full or in part) based on achievement of performance objectives.

Vacation accruals are included in base salary except for direct reports of the Board or President and Chief Executive Officer where vacation payouts are included in other cash benefits and vacation accruals are included in other non-cash benefits.

c. Other cash benefits may include as applicable honoraria, overtime, automobile allowance, lump sum payments, an allowance for professional development and an allowance for personal, financial and tax advice, club memberships and other similar purposes. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs to AHS and not part of compensation. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above. For anyone other than direct reports of the Board or the President and Chief Executive Officer, other cash benefits may also include pay at risk if applicable.

d. Other non-cash benefits include:

- Employer's current period benefit costs and other costs of supplemental pension plan and supplemental executive retirement plans as defined in Sub-Schedule 2C.
- Share of employee benefit contributions and payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short-term disability plans.
- Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.

e. Severance includes direct or indirect payments to individuals upon termination or through a voluntary exit program. Severance is not included in other cash benefits or non-cash benefits.

## FOOTNOTES TO THE CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2013 (CONTINUED)

### Board

f. Stephen Lockwood was appointed Board Chair on September 4, 2012.

g. Catherine Roozen was Board Vice Chair until being appointed Interim Board Chair from December 28, 2011 until September 4, 2012 at which time she resumed her role as Board Vice Chair.

h. Ken Hughes was Board Chair until December 28, 2011.

i. Dr. Ray Block started claiming honoraria on July 8, 2011.

j. Don Sieben was Interim Board Vice Chair from January 17, 2012 until September 4, 2012.

k. Sheila Weatherill and Dr. Verna Yiu did not claim honoraria.

l. These individuals are participants of Board committees, but are not Board members or AHS employees. However, they are eligible to receive honoraria for meetings attended.

m. Board Chair and Board Vice Chair, including interims, are Ex-Officio Members on all Committees.

n. Board members not appointed to committees until April 2, 2013.

### Executive Remuneration

o. In the prior year, severance of $436 was accrued for the incumbent. However, the total severance payments to the incumbent totalled $392. Per the incumbent's contract, if alternate employment was found, the incumbent was only entitled to receive one-half of the remaining payments. Furthermore, the incumbent did not claim the maximum eligible legal fees. The prior year balance has been restated to reflect the actual severance paid.

p. Incumbents are provided with an automobile allowance. Dollar amounts are included in other cash benefits. No incumbents were provided with an automobile in the current year.

q. The incumbent is on secondment from the University of Alberta. The incumbent's total remuneration is comprised of salary amounts from both AHS and the University of Alberta. AHS reimburses the University for the incumbent's base salary and benefits including annual performance adjustments. In lieu of enrollment into the AHS Supplementary Pension Plan (SPP), the incumbent will receive an annual lump sum supplemental payment equivalent to the amount the incumbent would have received as a member of the SPP and payable from AHS. This lump sum has been included in Other Cash Benefits.

r. The incumbent is on secondment from the University of Calgary. The incumbent's total remuneration is comprised of salary amounts from both AHS and the University of Calgary. AHS reimburses the University for the incumbent's rank salary; all amounts have been included in base salary.

s. The incumbent is no longer eligible to receive pay-at-risk.

# FOOTNOTES TO THE CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2013 (CONTINUED)

## Changes to Executive

t. The incumbent held the position of President and Chief Executive Officer effective April 1, 2011. The contract term ends March 31, 2016.

u. The incumbent was a direct report to the President and Chief Executive Officer until September 13, 2012 at which time the incumbent became a direct report to the Board.

v. The incumbent held the position effective April 1, 2013.

w. The incumbent held the position effective May 7, 2012 until August 1, 2012 (calculated FTE of 0.24) at which time the incumbent left AHS. The incumbent did not receive any severance. The incumbent is disputing the non-payment of severance.

x. The incumbent held the position of Acting Chief Financial Officer until May 7, 2012 at which time the incumbent resumed the role of Senior Vice President Finance. The incumbent returned to the position of Acting Chief Financial Officer effective August 23, 2012. The incumbent received up to an additional 10% of base salary while in the Acting Chief Financial Officer position (calculated FTE of 0.70).

y. The incumbent held the position of Executive Vice President and Chief Medical Officer until August 13, 2012 at which time the position became two positions as a result of restructuring: Executive Vice President and Chief Medical Officer, Clinical Operations and Executive Vice President and Chief Medical Officer, Quality and Medical Affairs. Incumbent held the position Executive Vice President and Chief Medical Officer, Clinical Operations effective August 13, 2012. There was no change to compensation for the Executive Vice President and Chief Medical Officer, Clinical Operations position.

z. The incumbent held the position effective August 13, 2012 (calculated FTE of 0.63). The contract term ends August 13, 2017. This is a new position as a result of restructuring.

aa. The incumbent held the position effective September 19, 2011. The contract term ends September 18, 2016.

bb. The incumbent held the position effective May 1, 2012 (calculated FTE of 0.92). The contract term ends April 30, 2017. This is a new position as a result of restructuring.

cc. The incumbent held the position effective October 29, 2012 (calculated FTE of 0.42). This is a new position as a result of restructuring.

dd. The incumbent became a direct report to the President and Chief Executive Officer January 1, 2013 as a result of restructuring (calculated FTE of 0.25).

## FOOTNOTES TO THE CONSOLIDATED SCHEDULES OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2013 (CONTINUED)

### Executive Termination Liabilities

ee. In the case of termination without just cause by AHS, the incumbent shall receive the salary and other accrued entitlements to the date of termination. In addition, the incumbent will receive a maximum severance pay for 12 months base salary at the rate in effect at the date of termination. The incumbent will also receive 15% of the severance in lieu of all other benefits.

ff. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to 12 months base salary. This severance payment will be reduced by any employment earnings received from a new employer within the 12 month period.

gg. The incumbent's termination benefits have not been predetermined.

hh. In the case of termination without just cause by AHS, the incumbent shall receive the salary and other accrued entitlements to the date of termination. In addition, the incumbent will receive severance pay equal to 12 months base salary at the rate in effect at the date of termination. Such severance will be paid in 12 equal monthly installments. The incumbent will also be paid 15% of the severance in lieu of all other benefits. Upon obtaining alternate employment, the incumbent is only entitled to receive one-half of the unpaid severance at that time.

ii. In the case of termination without just cause by AHS, the incumbent shall receive the salary and other accrued entitlements to the date of termination. In addition, the incumbent will receive severance pay equal to a maximum of 18 months base salary(r) and premium payments at the rate in effect at the date of termination. The incumbent will also be paid an amount up to 18 months of the total cost of the incumbent's benefits. AHS will also make payment for the incumbent to attend an outplacement program for 6 months.

jj. There is no severance associated with the secondment agreement. Upon termination of the secondment agreement, the incumbent would return to the incumbent's regular position at the University of Alberta.

kk. SPP and SERP

Based on the provision of the applicable SPP and SERP, the following outlines the benefits received by individuals who terminated employment with AHS within the 2012-2013 fiscal period:

| Position | Benefit (not in thousands) | Frequency | Payment Terms |
|---|---|---|---|
| Executive VP and Chief Financial Officer* | $13,552 | Monthly | For the 4 months from September 1 until December 31, 2012 |
|  | $13,682 | Monthly | From January 1, 2013, increasing every January 1 as a result of Cost of Living Adjustments.<br>SERP expires March 1, 2019 |

*The incumbent receives SERP payments for his role at the former Capital Health. Payments were put on hold while the incumbent was the Executive Vice President and Chief Financial Officer for AHS and were resumed subsequent to his departure as per the original Capital Health contract. There was no change to the amount of future payments as a result of being employed by AHS.

## SUB-SCHEDULE 2C - EXECUTIVE SUPPLEMENTAL PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Certain employees will receive retirement benefits that supplement the benefits limited under the registered plans for service post 1991. The Supplemental Pension Plan (SPP) is a defined contribution plan and the Supplemental Executive Retirement Plan (SERP) is a defined benefit plan. The SERP is disclosed in Notes 2(b)(i), 3(g)(iii) and 16(d). The amounts in this table represent the total SPP and SERP benefits earned by the individual during the fiscal year. The current period benefit costs for SPP and the current period benefits costs and other costs for SERP included in other non-cash benefits disclosed in Sub-Schedule 2B are prorated for the period of time the individual was in their position directly reporting to the Board and directly reporting to the President and Chief Executive Officer. The change for actuarial assumption for discount rate is not included in Sub-Schedule 2B as this does not represent benefits earned during the period.

| | 2013 | | | | | | 2012 |
|---|---|---|---|---|---|---|---|
| | SPP | SERP | | | | | |
| | Current period benefit costs(1) | Current period benefit costs(2) | Other Costs(3) | Included in Other Non-Cash Benefits | Change in actuarial assumption for discount rate | Total | Total |
| President and Chief Executive Officer – SPP (t) | $ 43 | $ - | $ - | $ 43 | $ - | $ 43 | $ 44 |
| President and Chief Executive Officer – SERP (t) | - | - | (2) | (2) | 406 | 404 | 87 |
| Chief Audit Executive | 6 | - | - | 6 | - | 6 | 6 |
| Ethics and Compliance Officer | 8 | - | - | 8 | - | 8 | 7 |
| Chief of Staff and Corporate Secretary (u) | 4 | - | - | 4 | - | 4 | 5 |
| Executive VP and Chief Operating Officer | 32 | - | - | 32 | - | 32 | 30 |
| Executive VP and Chief Financial Officer (v) | - | - | - | - | - | - | - |
| Executive VP and Chief Financial Officer (w)(4) | - | - | - | - | - | - | - |
| Acting Chief Financial Officer (x) | 17 | - | - | 17 | - | 17 | 17 |
| Executive VP and Chief Medical Officer, Clinical Operations (y) | - | 139 | (1) | 138 | 244 | 382 | 136 |
| Executive VP and Chief Medical Officer, Quality and Medical Affairs (z) | - | - | - | - | - | - | - |
| Executive VP and Chief Development Officer – SPP | 19 | - | - | 19 | - | 19 | 7 |
| Executive VP and Chief Development Officer – SERP (5) | - | - | (1) | (1) | 301 | 300 | 96 |
| Executive VP, People and Partners (aa) | 26 | - | - | 26 | - | 26 | 15 |
| Senior VP, Research (bb) | - | - | - | - | - | - | - |
| Senior VP, Priorities and Performance (cc) | 9 | - | - | 9 | - | 9 | - |
| Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer – SPP (dd) | 8 | - | - | 8 | - | 8 | - |
| Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer – SERP (dd) | - | 38 | 1 | 39 | 159 | 198 | 48 |

(1) The SPP current period benefit costs are AHS contributions earned in the period.
(2) The SERP current period benefit cost is the actuarial present value of the benefits earned in the fiscal year. These are not cash payments in the period but are the cost in the period for rights to these future retirement benefits.
(3) Other SERP costs include interest expense on the obligations, offset by the expected return on the plans' assets and amortization of actuarial gains and losses.
(4) The incumbent was not entitled to earn SPP or SERP current period benefits while employed at AHS. See footnote kk.
(5) The incumbent's prior year total SERP cost has been restated to correct a calculation error.

## SUB-SCHEDULE 2C - EXECUTIVE SUPPLEMENTAL PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (CONTINUED)

| | Account Balance or Accrued Benefit Obligation March 31, 2012 | Change in actuarial assumption for discount rate | Change During the Year(1) | Account Balance or Accrued Benefit Obligation March 31, 2013 |
|---|---|---|---|---|
| President and Chief Executive Officer from April 1, 2011 (t) | $ 44 | $ - | $ 46 | $ 90 |
| President and Chief Executive Officer until April 1, 2011 (t) | 1,370 | 406 | (76) | 1,700 |
| Chief Audit Executive | 11 | - | 6 | 17 |
| Ethics and Compliance Officer | 21 | - | 9 | 30 |
| Chief of Staff and Corporate Secretary (u) | 5 | - | 5 | 10 |
| Executive VP and Chief Operating Officer | 77 | - | 36 | 113 |
| Executive VP and Chief Financial Officer (v) | - | - | - | - |
| Executive VP and Chief Financial Officer (w)(2) | - | - | - | - |
| Acting Chief Financial Officer (x) | 31 | - | 19 | 50 |
| Executive VP and Chief Medical Officer, Clinical Operations (y) | 763 | 244 | 88 | 1,095 |
| Executive VP and Chief Medical Officer, Quality and Medical Affairs (z) | - | - | - | - |
| Executive VP and Chief Development Officer from December 1, 2011 | 7 | - | 19 | 26 |
| Executive VP and Chief Development Officer until November 30, 2011(3) | 979 | 301 | 74 | 1,354 |
| Executive VP, People and Partners (aa) | 15 | - | 27 | 42 |
| Senior VP, Research (bb) | - | - | - | - |
| Senior VP, Priorities and Performance (cc) | - | - | 9 | 9 |
| Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer from November 1, 2012 (dd) | - | - | 8 | 8 |
| Senior VP, Health Professions Strategy and Practice and Chief Nursing and Health Professions Officer until October 31, 2012 (dd) | 317 | 159 | 91 | 567 |

(1) Changes in the accrued benefit obligation include current period benefit cost, interest accruing on the obligations, the amortization of any actuarial gains or losses in the period, and gains or losses due to curtailment.

(2) The incumbent was not entitled to earn SPP or SERP current period benefits while employed at AHS. See footnote kk.

(3) The incumbent's opening Accrued Benefit Obligation relating to SERP has been restated to correct a calculation error.

## SCHEDULE 3 - CONSOLIDATED SCHEDULE OF BUDGET
## YEAR ENDED MARCH 31, 2013

### a) Reconciliation of the Consolidated Statement of Operations

| | CGAAP Budget (Note 4) | Transition to PSAS (Note 2) | Reported Budget |
|---|---|---|---|
| Revenue: | | | |
| Alberta Health contributions/Alberta Health transfers | | | |
| Unrestricted ongoing/Base operating grant | $ 10,212,000 | $ - | $ 10,212,000 |
| Restricted/Other operating grants | 1,164,000 | - | 1,164,000 |
| Capital grants | - | 96,000 | 96,000 |
| Other government contributions/ Other government transfers | 119,000 | 243,000 | 362,000 |
| Fees and charges | 439,000 | - | 439,000 |
| Ancillary operations | 127,000 | - | 127,000 |
| Donations/Donations, fundraising and non-government grants | 27,000 | 102,000 | 129,000 |
| Investment and other income | 222,000 | (22,000) | 200,000 |
| Amortized external capital contributions[i] | 374,000 | (374,000) | - |
| TOTAL REVENUE | 12,684,000 | 45,000 | 12,729,000 |
| Expenses: | | | |
| Inpatient acute nursing services | 2,918,000 | 5,000 | 2,923,000 |
| Emergency and other outpatient services | 1,356,000 | - | 1,356,000 |
| Facility-based continuing care services | 971,000 | - | 971,000 |
| Ambulance services | 415,000 | - | 415,000 |
| Community-based care | 1,054,000 | - | 1,054,000 |
| Home care | 496,000 | - | 496,000 |
| Diagnostic and therapeutic services | 2,143,000 | 5,000 | 2,148,000 |
| Promotion, prevention and protection services | 368,000 | - | 368,000 |
| Research and education | 234,000 | 15,000 | 249,000 |
| Administration[ii] | 397,000 | 39,000 | 436,000 |
| Information technology | 480,000 | - | 480,000 |
| Support services | 1,593,000 | 248,000 | 1,841,000 |
| Amortization of facilities and Improvements[i] | 259,000 | (259,000) | - |
| TOTAL EXPENSES | 12,684,000 | 53,000 | 12,737,000 |
| OPERATING DEFICIT | $ - | $ (8,000) | $ (8,000) |

When a line item has changed names it is described as "2011-12 name/2012-13 name".

[i] Line item no longer presented separately.

[ii] During 2012-13 AHS changed the definition of administration to be consistent with the Canadian Institute of Health Information definition of administration, which resulted in a budget reclassification from support services to administration.

## SCHEDULE 3 - CONSOLIDATED SCHEDULE OF BUDGET YEAR ENDED MARCH 31, 2013 (CONTINUED)

### b) Reconciliation of the Consolidated Statement of Cash Flows

| | CGAAP Budget (Note 4) | Transition to PSAS (Note 2) | Reported Budget |
|---|---|---|---|
| Operating transactions: | | | |
| Operating deficit | $ - | $ (8,000) | $ (8,000) |
| Non-cash transactions: | | | |
| Amortization, disposals and write-downs | 521,000 | - | 521,000 |
| Amortization of external capital contributions/ Recognition of expended deferred capital revenue | (374,000) | - | (374,000) |
| Bond amortization expense | - | 13,000 | 13,000 |
| Decrease (increase) in: | | | |
| Accounts receivable relating to operating transactions | - | (20,000) | (20,000) |
| Inventories for consumption | - | (8,000) | (8,000) |
| Other assets | - | 18,000 | 18,000 |
| Prepaid expenses | - | - | - |
| Increase (decrease) in: | | | |
| Accounts payable and accrued liabilities related to operating transactions | - | 55,000 | 55,000 |
| Employee future benefits | - | 52,000 | 52,000 |
| Deferred revenue related to operating transactions | - | (79,000) | (79,000) |
| Other[i] | (8,000) | 8,000 | - |
| Changes in non-cash working capital[i] | 14,000 | (14,000) | - |
| Cash provided by operating transactions | 153,000 | 17,000 | 170,000 |
| Capital transactions: | | | |
| Acquisition of tangible capital assets | (556,000) | - | (556,000) |
| Increase (decrease) in accounts payable and accrued liabilities related to capital transactions | - | 13,000 | 13,000 |
| Changes in non-cash working capital[i] | 13,000 | (13,000) | - |
| Cash applied to capital transactions | (543,000) | - | (543,000) |
| Investing transactions: | | | |
| Purchase of portfolio investments | (4,310,000) | - | (4,310,000) |
| Proceeds on sale of portfolio investments | 4,535,000 | (13,000) | 4,522,000 |
| Allocation from (to) non-current cash and investments[i] | (269,000) | 269,000 | - |
| Cash provided by (applied to) investing transactions | (44,000) | 256,000 | 212,000 |
| Financing transactions: | | | |
| Capital contributions received/ Deferred capital revenue received | 163,000 | - | 163,000 |
| Capital contributions returned/ Deferred capital revenue returned | (107,000) | - | (107,000) |
| Capital contributions payable transferred from accounts payable/ Deferred capital revenue payable transferred from accounts payable and accrued liabilities | 107,000 | - | 107,000 |
| Proceeds from debt | 32,000 | - | 32,000 |
| Principal payments on debt | (38,000) | - | (38,000) |
| Cash provided by financing transactions | 157,000 | - | 157,000 |
| Net increase (decrease) in cash and cash equivalents | (277,000) | 273,000 | (4,000) |
| Cash and cash equivalents, beginning of year | 1,789,000 | (952,000) | 837,000 |
| Cash and cash equivalents, end of year | $ 1,512,000 | $ (679,000) | $ 833,000 |

When a line item has changed names it is described as "2011-12 name/2012-13 name".

[i] Line item no longer presented separately.

## SCHEDULE 3 - CONSOLIDATED SCHEDULE OF BUDGET
## YEAR ENDED MARCH 31, 2013 (CONTINUED)

### c) Reconciliation of the Consolidated Schedule of Expenses by Object

| | CGAAP Budget (Note 4) | Transition to PSAS (Note 2) | Reported Budget |
|---|---|---|---|
| Salaries and benefits | $ 6,838,000 | $ 13,000 | $ 6,851,000 |
| Contracts with health service providers | 2,265,000 | - | 2,265,000 |
| Contracts under the Heath Care Protection Act | 21,000 | - | 21,000 |
| Drugs and gases | 386,000 | - | 386,000 |
| Medical and surgical supplies | 354,000 | - | 354,000 |
| Other contracted services | 1,148,000 | - | 1,148,000 |
| Other | 1,151,000 | 40,000 | 1,191,000 |
| Amortization, disposals and write-downs | 521,000 | - | 521,000 |
| | $ 12,684,000 | $ 53,000 | $ 12,737,000 |

## SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS

### a) Reconciliation of the Consolidated Statement of Operations

| | March 31, 2012 CGAAP | Transition to PSAS (Note 2) | Other Reclassifications[ii] | March 31, 2012 PSAS |
|---|---|---|---|---|
| Revenue: | | | | |
| Alberta Health contributions/Alberta Health transfers | | | | |
| Unrestricted ongoing/Base operating grant | $ 9,634,221 | $ - | $ - | $ 9,634,221 |
| Restricted/Other operating grants | 835,412 | - | - | 835,412 |
| Capital grants | - | 120,522 | - | 120,522 |
| Other government contributions/ Other government transfers | 141,391 | 201,965 | 2,405 | 345,761 |
| Fees and charges | 416,385 | - | - | 416,385 |
| Ancillary operations | 124,213 | - | (2,650) | 121,563 |
| Donations/Donations, fundraising and non-government grants | 39,535 | 70,641 | 36,328 | 146,504 |
| Investment and other income | 248,299 | 1,475 | (36,083) | 213,691 |
| Amortized external capital contributions[i] | 342,305 | (342,305) | - | - |
| TOTAL REVENUE | 11,781,761 | 52,298 | - | 11,834,059 |
| Expenses: | | | | |
| Inpatient acute nursing services | 2,812,157 | 928 | (52,339) | 2,760,746 |
| Emergency and other outpatient services | 1,279,016 | - | 35,328 | 1,314,344 |
| Facility-based continuing care services | 893,482 | - | (26,895) | 866,587 |
| Ambulance services | 391,674 | - | 2,911 | 394,585 |
| Community-based care | 920,594 | - | (6,846) | 913,748 |
| Home care | 428,814 | - | 24,009 | 452,823 |
| Diagnostic and therapeutic services | 1,930,120 | 63 | 31,066 | 1,961,249 |
| Promotion, prevention and protection services | 310,914 | - | 49 | 310,963 |
| Research and education | 198,035 | 19,539 | 429 | 218,003 |
| Administration | 363,921 | 49,531 | (16,174) | 397,278 |
| Information technology | 434,442 | - | 897 | 435,339 |
| Support services | 1,528,142 | 185,788 | 7,565 | 1,721,495 |
| Amortization of facilities and improvements[i] | 205,859 | (205,859) | - | - |
| TOTAL EXPENSES | 11,697,170 | 49,990 | - | 11,747,160 |
| OPERATING SURPLUS | $ 84,591 | $ 2,308 | $ - | $ 86,899 |

When a line item has changed names it is described as "2011-12 name/2012-13 name".

[i] Line item no longer presented separately.

[ii] Other reclassifications include amounts reclassified to conform to the 2013 presentation.

## SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONTINUED)

### b) Reconciliation of opening Consolidated Statement of Financial Position

| | April 1, 2011 CGAAP | Transition to PSAS (Note 2) | Other Reclassifications[iii] | April 1, 2011 PSAS |
|---|---|---|---|---|
| Assets: | | | | |
| Cash and cash equivalents | $ 764,143 | $ 359,969 | $ - | $ 1,124,112 |
| Non-current cash and investments[i] | 599,335 | (599,335) | - | - |
| Investments/Portfolio investments | 957,322 | 448,724 | - | 1,406,046 |
| Accounts receivable | 201,293 | 5,373 | 288,726 | 495,392 |
| Contributions receivable from AH[i] | 200,313 | 11,476 | (211,789) | - |
| Capital contributions receivable from AH[i] | 11,476 | (11,476) | - | - |
| Other assets | 96,104 | (2,720) | (76,937) | 16,447 |
| Capital assets/Tangible capital assets | 6,707,464 | - | - | 6,707,464 |
| Inventories/Inventories for consumption | 99,097 | - | - | 99,097 |
| Prepaid expenses | 58,946 | 1,034 | - | 59,980 |
| TOTAL ASSETS | $ 9,695,493 | $ 213,045 | $ - | $ 9,908,538 |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 1,136,937 | $ (383,363) | $ 530,858 | $ 1,284,432 |
| Employee future benefits | - | 470,966 | - | 470,966 |
| Accrued vacation pay[i] | 385,525 | 171 | (385,696) | - |
| Deferred revenue | - | 110,312 | 6,758,600 | 6,868,912 |
| Long-term debt/Debt | 182,500 | 153,799 | - | 336,299 |
| Current portion of long-term debt[i] | 153,799 | (153,799) | - | - |
| Deferred contributions current[i] | 607,621 | - | (607,621) | - |
| Deferred capital contributions[i] | 541,856 | - | (541,856) | - |
| Unamortized external capital contributions[i] | 5,598,973 | - | (5,598,973) | - |
| Other liabilities[i] | 144,540 | 622 | (145,162) | - |
| TOTAL LIABILITIES | 8,751,751 | 198,708 | 10,150 | 8,960,609 |
| Net assets: | | | | |
| Accumulated surplus/Accumulated operating surplus[ii] | 98,909 | 785,915 | - | 884,824 |
| Other internally restricted net assets/Reserves for future purposes | 66,722 | (66,722) | - | - |
| Internally restricted net assets invested in capital assets/Net assets invested in tangible capital assets | 777,071 | (777,071) | - | - |
| Accumulated net unrealized gains (losses) on investments/Accumulated unrealized net gains | (9,110) | 12,442 | - | 3,332 |
| Endowments | 10,150 | 59,773 | (10,150) | 59,773 |
| TOTAL NET ASSETS | 943,742 | 14,337 | (10,150) | 947,929 |
| | $ 9,695,493 | $ 213,045 | $ - | $ 9,908,538 |

When a line item has changed names it is described as "2011-12 name/2012-13 name".

[i] Line item no longer presented separately.

[ii] Definition changed under PSAS to also include reserves for future purposes and net assets invested in tangible capital assets.

[iii] Other reclassifications include amounts reclassified to conform to the 2013 presentation.

## SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONTINUED)

### c) Reconciliation of the Consolidated Statement of Financial Position

| | March 31, 2012 CGAAP | Transition to PSAS (Note 2) | Other Reclassifications[iii] | March 31, 2012 PSAS |
|---|---|---|---|---|
| Assets: | | | | |
| Cash and cash equivalents | $ 558,700 | $ 253,826 | $ - | $ 812,526 |
| Non-current cash and investments[i] | 376,505 | (376,505) | - | - |
| Investments/Portfolio investments | 1,217,043 | 339,203 | - | 1,556,246 |
| Accounts receivable | 238,757 | 2,022 | 172,721 | 413,500 |
| Contributions receivable from AH[i] | 78,253 | 2,293 | (80,546) | - |
| Capital contributions receivable from AH[i] | 2,293 | (2,293) | - | - |
| Other assets | 129,493 | 764 | (92,175) | 38,082 |
| Capital assets/Tangible capital assets | 7,215,171 | - | - | 7,215,171 |
| Inventories/Inventories for consumption | 96,740 | - | - | 96,740 |
| Prepaid expenses | 59,100 | 486 | - | 59,586 |
| TOTAL ASSETS | $ 9,972,055 | $ 219,796 | $ - | $ 10,191,851 |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 1,198,261 | $ (426,252) | $ 576,574 | $ 1,348,583 |
| Employee future benefits | - | 514,515 | - | 514,515 |
| Accrued vacation pay[i] | 428,146 | 186 | (428,332) | - |
| Deferred revenue | - | 109,917 | 6,795,142 | 6,905,059 |
| Long-term debt/Debt | 331,177 | 38,802 | - | 369,979 |
| Current portion of long-term debt[i] | 38,802 | (38,802) | - | - |
| Deferred contributions current[i] | 450,360 | - | (450,360) | - |
| Deferred capital contributions[i] | 359,918 | - | (359,918) | - |
| Unamortized external capital contributions[i] | 5,974,714 | - | (5,974,714) | - |
| Other liabilities[i] | 147,719 | 523 | (148,242) | - |
| TOTAL LIABILITIES | 8,929,097 | 198,889 | 10,150 | 9,138,136 |
| Net assets: | | | | |
| Accumulated surplus/Accumulated operating surplus[ii] | 81,982 | 889,741 | - | 971,723 |
| Other internally restricted net assets/Reserves for future purposes | 69,538 | (69,538) | - | - |
| Internally restricted net assets invested in capital assets/Net assets invested in tangible capital assets | 876,372 | (876,372) | - | - |
| Accumulated net unrealized gains (losses) on investments/Accumulated unrealized net gains | 4,916 | 13,336 | - | 18,252 |
| Endowments | 10,150 | 63,740 | (10,150) | 63,740 |
| TOTAL NET ASSETS | 1,042,958 | 20,907 | (10,150) | 1,053,715 |
| | $ 9,972,055 | $ 219,796 | $ - | $ 10,191,851 |

When a line item has changed names it is described as "2011-12 name/2012-13 name".

[i] Line item no longer presented separately.

[ii] Definition changed under PSAS to also include reserves for future purposes and net assets invested in tangible capital assets.

[iii] Other reclassifications include amounts reclassified to conform to the 2013 presentation.

## SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONTINUED)

### d) Reconciliation of the Consolidated Statement of Cash Flows

| | March 31, 2012 CGAAP | Transition to PSAS (Note 2) | Other Reclassifications(ii) | March 31,2012 PSAS |
|---|---|---|---|---|
| Operating transactions: | | | | |
| Operating surplus | $ 84,591 | $ 2,308 | $ - | $ 86,899 |
| Non-cash transactions: | | | | |
| Amortization, disposals and write-downs | 474,513 | (70) | 94 | 474,537 |
| Amortization of external capital contributions/ Recognition of expended deferred capital revenue | (342,550) | - | - | (342,550) |
| Revenue recognized for acquisition of land | - | (599) | - | (599) |
| Bond amortization expense | - | 22,781 | - | 22,781 |
| Decrease (increase) in: | | | | |
| Accounts receivable relating to operating transactions | - | 87,947 | - | 87,947 |
| Inventories for consumption | - | 2,357 | - | 2,357 |
| Other assets | - | (21,541) | (94) | (21,635) |
| Prepaid expenses | - | 394 | - | 394 |
| Increase (decrease) in: | | | | |
| Accounts payable and accrued liabilities related to operating transactions | - | 45,283 | - | 45,283 |
| Employee future benefits | - | 43,549 | - | 43,549 |
| Deferred revenue related to operating transactions | - | (161,110) | - | (161,110) |
| Other(i) | (14,947) | 14,947 | - | - |
| Changes in non-cash working capital(i) | (245,106) | 245,106 | - | - |
| Cash provided by (applied to) operating transactions | (43,499) | 281,352 | - | 237,853 |
| Capital transactions: | | | | |
| Acquisition of tangible capital assets | (486,916) | - | - | (486,916) |
| Increase (decrease) in accounts payable and accrued liabilities related to capital transactions | - | 18,868 | - | 18,868 |
| Changes in non-cash working capital(i) | 18,868 | (18,868) | - | - |
| Cash applied to capital transactions | (468,048) | - | - | (468,048) |
| Investing transactions: | | | | |
| Purchase of portfolio investments | (5,099,643) | 2,153,236 | - | (2,946,407) |
| Proceeds on sale of portfolio investments | 5,297,831 | (2,509,485) | - | 2,788,346 |
| Allocation from (to) non-current cash and investments | 38,668 | (38,668) | - | - |
| Cash provided by (applied to) investing transactions | 236,856 | (394,917) | - | (158,061) |
| Financing transactions: | | | | |
| Capital contributions received/Deferred capital revenue received | 171,081 | 7,422 | - | 178,503 |
| Capital contributions returned/Deferred capital revenue returned | (15,759) | - | - | (15,759) |
| Capital contributions payable transferred to accounts payable/Deferred capital revenue payable transferred to accounts payable and accrued liabilities | (119,754) | - | - | (119,754) |
| Proceeds from debt | 194,000 | - | - | 194,000 |
| Principle payments on debt | (160,320) | - | - | (160,320) |
| Cash provided by financing transactions | 69,248 | 7,422 | - | 76,670 |
| Net decrease in cash and cash equivalents | (205,443) | (106,143) | - | (311,586) |
| Cash and cash equivalents, beginning of year | 764,143 | 359,969 | - | 1,124,112 |
| Cash and cash equivalents, end of year | $ 558,700 | $ 253,826 | $ - | $ 812,526 |

(i) Line item no longer presented separately. When a line item has changed names it is described as "2011-12 name/2012-13 name".
(ii) Other reclassifications include amounts reclassified to conform to the 2013 presentation.

## SCHEDULE 4 – TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONTINUED)

### e) Reconciliation of the Consolidated Schedule of Expenses by Object

| | March 31, 2012 CGAAP | Transition to PSAS (Note 2) | Other Reclassifications[i] | March 31, 2012 PSAS |
|---|---|---|---|---|
| Salaries and benefits | $ 6,156,248 | $ 4,777 | $ - | $ 6,161,025 |
| Contracts with health service providers | 2,040,509 | - | (22,249) | 2,018,260 |
| Contracts under the Heath Care Protection Act | 18,434 | - | - | 18,434 |
| Drugs and gases | 387,984 | - | - | 387,984 |
| Medical and surgical supplies | 360,002 | - | - | 360,002 |
| Other contracted services | 1,038,221 | (4,538) | 22,249 | 1,055,932 |
| Other | 1,221,259 | 49,751 | (24) | 1,270,986 |
| Amortization, disposals and write-downs | 474,513 | - | 24 | 474,537 |
| | $ 11,697,170 | $ 49,990 | $ - | $ 11,747,160 |

[i] Other reclassifications include amounts reclassified to conform to the 2013 presentation.

# Financial Information

## Health Quality Council of Alberta

Financial Statements

March 31, 2013

# HEALTH QUALITY COUNCIL OF ALBERTA

## FINANCIAL STATEMENTS

## MARCH 31, 2013

Statement of Management Responsibility

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Notes to the Financial Statements

Schedule 1 – Expenses – Detailed by Object

Schedule 2 – Salary and Benefits Disclosure

Schedule 3 – Related Party Transactions

Schedule 4 – Reconciliation of Budget to Actual

# HEALTH QUALITY COUNCIL OF ALBERTA

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

## MARCH 31, 2013

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards, and of necessity, include some amounts that are based on estimates and judgement.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Health Quality Council of Alberta's Board of Directors carries out their responsibility for the financial statements through the Audit and Finance Committee. The Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Health Quality Council of Alberta Board of Directors for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures, which allow him to report on the fairness of the financial statements prepared by management.

On behalf of the Health Quality Council of Alberta.

[original signed by]

Chief Executive Officer
Dr. John Cowell
June 5, 2013

[original signed by]

Executive Director
Charlene McBrien-Morrison
June 5, 2013

# Independent Auditor's Report

**AUDITOR GENERAL**
***Alberta***

To the Members of the Health Quality Council of Alberta Board
and the Minister of Health

## Report on the Financial Statements

I have audited the accompanying financial statements of the Health Quality Council of Alberta, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Health Quality Council of Alberta as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012, and its remeasurement gains and losses for the year ended March 31, 2013 in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2013

Edmonton, Alberta

## HEALTH QUALITY COUNCIL OF ALBERTA
## STATEMENTS OF FINANCIAL POSITION
As at

| | March 31 | | April 1 |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| | (in thousands) | | (Note 2) |
| **Assets** | | | |
| Cash | $ 2,082 | $ 781 | $ 1,463 |
| Accounts receivable (Note 5) | 307 | 131 | 1,038 |
| Prepaid expenses | 34 | 65 | 5 |
| Tangible capital assets (Note 6) | 152 | 229 | 61 |
| | $ 2,575 | $ 1,206 | $ 2,567 |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | $ 811 | $ 751 | $ 682 |
| Deferred revenue (Note 7) | 35 | - | 1,000 |
| | 846 | 751 | 1,682 |
| **Net Assets** | | | |
| Accumulated surplus (Note 10) | 1,729 | 455 | 885 |
| | $ 2,575 | $ 1,206 | $ 2,567 |

Contractual obligations (Note 9)

The accompanying notes and schedules are part of these financial statements.

## HEALTH QUALITY COUNCIL OF ALBERTA
## STATEMENTS OF OPERATIONS
### Years ended March 31

| | 2013 | | 2012 |
|---|---|---|---|
| | Budget | Actual | Actual |
| | (in thousands) | | (Note 2) |
| **Revenues** | | | |
| Government transfers | | | |
| Alberta Health - operating grant | $ 6,900 | $ 6,900 | $ 4,026 |
| Alberta Health - restricted grants | - | 314 | 955 |
| Investment income | 25 | 17 | 17 |
| Other revenue | 6 | 277 | 122 |
| | 6,931 | 7,508 | 5,120 |
| **Expenses** | | | |
| Survey, measure and monitor initiatives | 2,546 | 1,672 | 1,115 |
| Administration | 2,459 | 2,243 | 2,106 |
| Quality initiatives | 1,062 | 1,004 | 466 |
| Patient safety initiatives | 594 | 491 | 529 |
| Communication | 261 | 304 | 232 |
| Ministerial assessment/study | - | 314 | 1,002 |
| Other assessment/study | - | 206 | 100 |
| | 6,922 | 6,234 | 5,550 |
| Annual surplus (deficit) | 9 | 1,274 | (430) |
| Accumulated surplus, beginning of year | 455 | 455 | 885 |
| Accumulated surplus, end of year | $ 464 | $ 1,729 | $ 455 |

The accompanying notes and schedules are part of these financial statements.

## HEALTH QUALITY COUNCIL OF ALBERTA
## STATEMENTS OF CASH FLOWS
**Years ended March 31**

| | 2013<br>(in thousands) | 2012<br>(Note 2) |
|---|---|---|
| **Operating Transactions** | | |
| Annual surplus (deficit) | $ 1,274 | $ (430) |
| Non-cash items: | | |
| Amortization of tangible capital assets | 114 | 49 |
| | 1,388 | (381) |
| (Increase) in accounts receivable | (176) | (93) |
| Decrease in contributions receivable from Alberta Health | - | 1,000 |
| Decrease (Increase) in prepaid expenses | 31 | (60) |
| Increase in accounts payable and accrued liabilities | 60 | 69 |
| Increase (Decrease) in deferred contributions | 35 | (1,000) |
| Cash provided by (applied to) operating transactions | 1,338 | (465) |
| **Capital Transactions** | | |
| Acquisition of tangible capital assets | (37) | (217) |
| Cash applied to capital transactions | (37) | (217) |
| **Increase (Decrease) in cash** | 1,301 | (682) |
| **Cash at beginning of year** | 781 | 1,463 |
| **Cash at end of year** | $ 2,082 | $ 781 |

The accompanying notes and schedules are part of these financial statements.

# HEALTH QUALITY COUNCIL OF ALBERTA
# NOTES TO THE FINANCIAL STATEMENTS
# MARCH 31, 2013

## Note 1 AUTHORITY

The Health Quality Council of Alberta (HQCA) is a government not-for-profit organization.

Effective February 1, 2012 the *Health Quality Council of Alberta Act* came into force and the *Health Quality Council of Alberta Regulation (130/2006)* was repealed.

The Health Quality Council of Alberta was established under the *Health Quality Council of Alberta Regulation (130/2006)* and is continued as a corporation under the *Health Quality Council of Alberta Act*.

Pursuant to the *Health Quality Council of Alberta Act*, the Health Quality Council of Alberta has a mandate to promote and improve patient safety and health service quality on a province-wide basis.

The Health Quality Council of Alberta, as a not-for-profit entity, is exempt from income taxes under the Income Tax Act.

## Note 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2012/2013 fiscal year, the Health Quality Council of Alberta (HQCA) has adopted Canadian public sector accounting standards ("PSAS"). Prior to the 2012/2013 fiscal year, the HQCA followed the recommendations of the Canadian Institute of Chartered Accountants (CICA) Accounting Handbook Part V (CGAAP).

These financial statements are the first financial statements for which the HQCA has applied Canadian PSAS. The HQCA has determined that the transition to these new standards has not significantly impacted the HQCA's current financial reporting, as there were no monetary differences between the financial statements presented previously under CGAAP to those presented under PSAS. The main difference for the HQCA between its previous and current financial statements is that the Statements of Operations are required to be presented on a functional basis.

In accordance with PS 2125, the accounting policies set out in Note 3 have been consistently applied to all years presented, excluding cases where optional exemptions available under PS 2125 have been applied and excluding sections which were released after August 2010 and to which PS 2125 does not apply.

## Note 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONT'D)

The HQCA has elected to use the following exemption from retroactive application:

(i) Tangible capital asset impairment

PSAS prescribes the conditions when a write-down of a tangible capital asset should be accounted for. A first time adopter need not comply with those requirements for write-downs of tangible capital assets that were incurred prior to the date of transition (April 1, 2011) to PSAS.

In the case of a first time adopter using this exemption, the conditions for a write-down of a tangible capital asset in PSAS are applied on a prospective basis from the date of transition. The HQCA has elected to use this exemption.

The HQCA has also adopted the following sections that were issued after August 2010 and are effective April 1, 2012. There were no monetary differences between the figures presented under the previous framework and the figures presented as a result of implementing these sections:

(i) Financial Statement Presentation

PS 1201 – Financial Statement Presentation establishes general reporting principles and standards for the disclosure of information in the financial statements. The section applies in the period when PS 2601 – Foreign Currency Translation and PS 3450 – Financial Instruments are adopted. The HQCA has adopted this section as of April 1, 2012.

(ii) Foreign Currency Translation

PS 2601 – Foreign Currency Translation establishes standards on how to account for and report transactions that are denominated in a foreign currency. Even though the section applies to fiscal periods beginning on or after April 1, 2012, and permits early adoption, the application of this section retroactively is prohibited when an organization applies it in the same period it adopts PSAS for the first time. This section is applied in the period when PS 3450 – Financial Instruments is adopted. The HQCA has adopted this section as of April 1, 2012.

(iii) Government Transfers

PS 3410 – Government Transfers deals with how to account for and report government transfers. The section applies to fiscal periods beginning on or after April 1, 2012. The HQCA has adopted this section retroactively with restatement as of April 1, 2012.

## Note 2 CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS (CONT'D)

(iv) Financial Instruments

PS 3450 – Financial Instruments deals with how to account for and report all types of financial instruments, including derivatives. Even though the section applies to fiscal periods beginning on or after April 1, 2012, and permits early adoption, the application of this section retroactively is prohibited when an organization applies it in the same period that it adopts PSAS for the first time. This section is applied in the period when PS 2601 – Foreign Currency Translation is adopted. The HQCA has adopted this section as of April 1, 2012.

A Schedule of Transition to Public Sector Accounting Standards has been excluded from the financial statements as there were no monetary changes between the financial statements prepared under CGAAP and those prepared under PSAS.

## Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian PSAS.

### (a) Reporting Entity

The financial statements only reflect the assets, liabilities, revenues and expenses of the HQCA.

### (b) Basis of Financial Reporting

**Government Transfers**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for the use of the transfer, or the terms, along with the HQCA's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the HQCA complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the HQCA is eligible to receive the funds.

## Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONT'D)

### (b) Basis of Financial Reporting (Cont'd)

#### Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Interest income earned from restricted grants is deferred and recognized when the terms imposed have been met.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

#### Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria, if any, have been met by the recipient.

#### Net Assets

Net assets represent the difference between the assets held by the HQCA and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events.

The HQCA operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

## Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONT'D)

### (b) Basis of Financial Reporting (Cont'd)

#### Financial Instruments

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Effective April 1, 2012 the HQCA has adopted PS 3450 – Financial Instruments on a prospective basis (Note 2(iv)).

Financial assets are comprised of cash and accounts receivables and financial liabilities are comprised of accounts payable and accrued liabilities. All financial assets and liabilities are initially recorded at their fair value and are subsequently recorded at cost or amortized cost. As management has not elected to carry any financial assets or liabilities at fair value and has no derivatives and no unsettled exchange gains or losses, a statement of remeasurement gains or losses is not included in these financial statements. Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs which are amortized using the effective interest rate method.

Prior to April 1, 2012, the HQCA classified its financial assets and financial liabilities as held-for-trading. Financial assets and liabilities classified as held for trading are measured at fair value with changes in the value (unrealized gains or losses) recorded in the Statement of Operations. Unrealized gains or losses from changes in fair value or realized gains and losses on disposal are accounted for as investment income. Any interest earned (or incurred) is recognized on an accrual basis as interest income (or expense).

It is management's opinion that the HQCA is not subject to significant credit, market or liquidity risk arising from its financial instruments.

#### Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The amounts recorded for amortization of tangible capital assets are based on estimates of the useful life of the related assets. Actual results could differ from estimates.

## Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONT'D)

### (b) Basis of Financial Reporting (Cont'd)

**Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Tangible capital assets valued at $5 or greater are recorded as a tangible capital asset.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Computer hardware and software | 2 years |
| Office equipment | 3 years |
| Leasehold improvements | Over term of lease |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the HQCA's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their book value. The net write-downs are accounted for as expenses in the statement of operations.

**Funds and Reserves**

Certain amounts, as approved by the Board of Directors, are set aside from time to time in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

## Note 4 BUDGET

The HQCA's 2012-2013 business plan with a budgeted surplus of $9 was approved by the Board of Directors on January 26, 2012 and the full financial plan was submitted to the Minister of Health.

## Note 5 ACCOUNTS RECEIVABLE

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Due from Alberta Health | $ 116 | $ - | $ 1,000 |
| Due from Alberta Health Services | 92 | 101 | 1 |
| Other receivables | 99 | 30 | 37 |
| | $ 307 | $ 131 | $ 1,038 |

## Note 7 DEFERRED REVENUE

Deferred revenue represents unspent externally restricted resources. Changes in the balance are as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Balance, beginning of the Year | $ - | $ 1,000 | $ - |
| Resources received | 35 | - | 1,000 |
| Resources returned | - | (45) | - |
| Amounts recognized in revenue | - | (955) | - |
| Balance, end of the year | $ 35 | $ - | $ 1,000 |

## Note 8 BENEFIT PLAN

The HQCA participates in the Local Authorities Pension Plan (LAPP).

The HQCA accounts for this multi-employer pension plan on a defined contribution basis. The HQCA is not responsible for future funding of the plan deficit other than through contribution increases. Pension expense recorded in the financial statements is equivalent to HQCA's annual contribution of $207 for the year ended March 2013 (2012 - $167).

At December 31, 2012, the Local Authorities Pension Plan reported a deficiency of $4,977,303 (2011 deficiency of $4,639,390).

## Note 9 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the HQCA to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Obligations under operating leases, contracts and programs | $ 2,216 | $ 2,152 | $ 2,657 |

## HEALTH QUALITY COUNCIL OF ALBERTA
## NOTES TO THE FINANCIAL STATEMENTS
## MARCH 31, 2013
## (in thousands)

### Note 9 CONTRACTUAL OBLIGATIONS (CONT'D)

Estimated payment requirements for each of the next five years and thereafter are as follows:

| | |
|---|---|
| 2013-14 | $ 980 |
| 2014-15 | 692 |
| 2015-16 | 435 |
| 2016-17 | 109 |
| 2017-18 | 0 |
| Thereafter | 0 |
| | $ 2,216 |

A lease agreement is in place for July 1, 2011 to June 30, 2016 for office space in Calgary. This commits the HQCA to annual rent in the amount of $252 and operating and realty tax expense recoverable by the landlord, subject to adjustment in accordance with the lease, of approximately $183 annually.

The HQCA signed a five year lease ending August 31, 2013 for office space in Edmonton with annual rent in the amount of $48 and operating and realty tax expense recoverable by the landlord, subject to adjustment in accordance with the lease of approximately $24 annually.

The HQCA has a commitment with Dr. John W. Cowell Consulting Ltd. to receive executive oversight. The value of the commitment as at March 31, 2013 is $43 per month and extends until September 2014.

## HEALTH QUALITY COUNCIL OF ALBERTA
## NOTES TO THE FINANCIAL STATEMENTS
## MARCH 31, 2013
## (in thousands)

### Note 10 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

| | Investment in Tangible Capital Assets (a) | Internally Restricted Surplus (b) | Unrestricted Surplus | Total |
|---|---|---|---|---|
| Accumulated surplus (deficit), April 1, 2011 | $ 61 | $ - | $ 824 | $ 885 |
| Operating surplus (deficiency) of revenue over surplus | - | - | (430) | (430) |
| Purchase of capital assets from unrestricted reserves | 217 | - | (217) | - |
| Amortization of tangible capital assets | (49) | - | 49 | - |
| Accumulated surplus (deficit), March 31, 2012 | 229 | - | 226 | 455 |
| Operating surplus (deficiency) of revenue over expense | - | - | 1,274 | 1,274 |
| Transfer to internally restricted surplus | - | 610 | (610) | - |
| Purchase of capital assets from unrestricted reserves | 37 | - | (37) | - |
| Amortization of tangible capital assets | (114) | - | 114 | - |
| Accumulated surplus (deficit), March 31, 2013 | $ 152 | $ 610 | $ 967 | $ 1,729 |

(a) Net assets equal to the net book value of internally funded tangible capital assets are restricted as these net assets are not available for any other purpose.

(b) The Board of Directors has internally restricted $610 for leasehold improvements in the 2013/2014 fiscal year.

HEALTH QUALITY COUNCIL OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013
(in thousands)

## Note 11 FUNDS HELD IN TRUST

As at March 31, 2013, the HQCA holds funds in trust for the Health Services Preferential Access Inquiry (HSPAI) in accordance with the terms and conditions embodied in the relevant agreements. As the HQCA has no unilateral power to change the agreements, does not govern the HSPAI nor has entitlement to any unexpended monies of the HSPAI, these funds are not reported in these financial statements. Funds held in trust summary during the year consist of:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Balance, beginning of the year | $ - | $ - | $ - |
| Resources received | 8,583 | - | - |
| Bank interest received | 32 | | |
| Resources paid on behalf of the inquiry | (3,535) | - | - |
| Balance, end of the year | $ 5,080 | $ - | $ - |

## Note 12 COMPARATIVE FIGURES

Certain 2012 figures have been reclassified to conform to the 2013 presentation.

## Note 13 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the HQCA Board of Directors on June 5, 2013.

Schedule 1

## HEALTH QUALITY COUNCIL OF ALBERTA
## EXPENSES – DETAILED BY OBJECT
## FOR THE YEARS ENDED MARCH 31

| | 2013 | | 2012 |
|---|---|---|---|
| | Budget | Actual | Actual |
| | (in thousands) | | |
| Salaries and benefits | $ 3,005 | $ 2,881 | $ 2,497 |
| Program services | 2,554 | 2,229 | 1,966 |
| Supplies, services and other | 900 | 690 | 734 |
| System support | 211 | 200 | 206 |
| Amortization of tangible capital assets | 127 | 114 | 49 |
| Board of directors | 125 | 120 | 98 |
| | $ 6,922 | $ 6,234 | $ 5,550 |

Schedule 2

## HEALTH QUALITY COUNCIL OF ALBERTA
## SALARY AND BENEFIT DISCLOSURE
## YEAR ENDED MARCH 31, 2013

| | 2013 | | | | 2012 |
|---|---|---|---|---|---|
| | Base Salary (1) | Other Cash Benefits (2) | Other Non-Cash Benefits (3) | Total | Total |
| | (in thousands) | | | | |
| **Board of Directors-Chair** | $ - | $ 14 | $ - | $ 14 | $ 23 |
| **Board of Directors-Members** | - | 44 | - | 44 | 42 |
| **Chief Executive Officer (4)** | 514 | 36 | - | 550 | 516 |
| **Executive Director** | 165 | 11 | 28 | 204 | 181 |

(1) Base salary includes pensionable base pay except for the Chief Executive Officer.

(2) Other cash benefits include variable pay and honoraria.

(3) Other non-cash benefits include: share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, employee assistance program and employment insurance

(4) The Chief Executive Officer is retained through an eight (8) year executive oversight contract, which holds the HQCA harmless of any related overtime, supplementary retirement, and benefits other than medical reimbursement and variable pay, which is subject to the approval of the Board of Directors.

Schedule 3

## HEALTH QUALITY COUNCIL OF ALBERTA
## RELATED PARTY TRANSACTIONS
## FOR THE YEARS ENDED MARCH 31

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Health Quality Council of Alberta had the following transactions with related parties recorded in the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties.

| | 2013 | 2012 |
|---|---|---|
| | (in thousands) | |
| **Revenue** | | |
| Alberta Health - operating grant | $ 6,900 | $ 4,026 |
| Alberta Health - restricted grants | 314 | 955 |
| Alberta Health Services - fee for service | 272 | 107 |
| Alberta Health Services - other | 5 | 7 |
| | $ 7,491 | $ 5,095 |
| **Expense** | | |
| Alberta Health Services | $ 90 | $ - |
| Service Alberta | 8 | 3 |
| University of Alberta | 224 | - |
| University of Calgary | 211 | - |
| | $ 533 | $ 3 |
| **Receivable from** | | |
| Alberta Health | $ 116 | $ - |
| Alberta Health Services | 92 | 101 |
| | $ 208 | $ 101 |
| **Payable to** | | |
| Service Alberta | $ 2 | $ - |
| University of Calgary | 56 | - |
| University of Alberta | 79 | - |
| Alberta Health Services | 162 | - |
| | $ 299 | $ - |
| **Deferred revenue** | | |
| Alberta Health Services | $ 35 | $ - |

Schedule 4

## HEALTH QUALITY COUNCIL OF ALBERTA
## RECONCILIATION OF BUDGET WITH ACTUALS
## FOR THE YEAR ENDED MARCH 31, 2013

| | Budget | Actuals | Variance |
|---|---|---|---|
| | | (in thousands) | |
| **Revenue** | | | |
| Government transfers | | | |
| Alberta Health – operating grant | $ 6,900 | $ 6,900 | $ - |
| Alberta Health – restricted grant | - | 314 | 314 |
| Investment income | 25 | 17 | (8) |
| Other revenue | 6 | 277 | 271 |
| | $ 6,931 | $ 7,508 | $ 577 |
| **Expense** | | | |
| Surveys, measure and monitor initiatives | $ 2,546 | $ 1,672 | $ (874) |
| Administration | 2,459 | 2,243 | (216) |
| Quality initiatives | 1,062 | 1,004 | (58) |
| Patient safety initiatives | 594 | 491 | (103) |
| Communication | 261 | 304 | 43 |
| Ministerial assessment/study | - | 314 | 314 |
| Other assessment/study | - | 206 | 206 |
| | 6,922 | 6,234 | (688) |
| Annual surplus (deficit) | $ 9 | $ 1,274 | $ 1,265 |

# Ministry Contacts

For further information regarding the contents of this annual report, please contact:

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|---|---|---|
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| Associate Minister Wellness | Dave Rodney | 780.415.0482<br>Fax: 780.415.2255 |
| Deputy Minister of Health | Marcia Nelson | 780.422.0747<br>Fax: 780.427.1016 |
| Family and Population Health A/Assistant Deputy Minister | Neil MacDonald | 780.415.2759<br>Fax: 780.422.3671 |
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| Chief Medical Officer of Health | James Talbot | 780.415.2809<br>Fax: 780.427.7683 |
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